
STUDIES ON THE ABUSE AND
DECLINE OF REASON



F. A. HAYEK

THE COLLECTED WORKS OF

F. A. Hayek

STUDIES ON THE
ABUSE AND DECLINE
OF REASON

Text and Documents

Edited by Bruce Caldwell



Liberty Fund

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EDITORIAL FOREWORD

It is with considerable pleasure, pride, and relief that I present to the reader volume 13 of *The Collected Works of F. A. Hayek*. For reasons explained in the editor's introduction, *Studies on the Abuse and Decline of Reason* pairs the essays found in Hayek's 1952 book, *The Counter-Revolution of Science*, with his famous piece "Individualism: True and False". That one should feel both pride and pleasure in bringing out a new edition of these important texts is self-evident. The relief comes from the knowledge that no more footnotes need be checked!

The "Scientism and the Study of Society" and "The Counter-Revolution of Science" essays originally appeared in the journal *Economica* during World War II. Hayek frequently quoted from French and German sources, sometimes providing translations, and sometimes not. Typographical errors occasionally occurred, particularly in the spelling of foreign words. When the texts were reset for the Free Press edition of 1952, more errors crept in. Finally, quite apart from the question of French and German passages, Hayek himself was not always accurate in his citation practices. When he quoted others, sometimes the quotation he provided was different from what was found in the original. And sometimes the reference that accompanied the quotation was wrong in some way: for example, the author's name was misspelled, or the volume number of a journal or a page number was incorrect.

Given these multiple possible sources of errors, the following guidelines were followed in correcting the text. All typographical errors in the text proper were silently corrected. All misspellings in the French and German passages were similarly corrected silently, and when not provided by Hayek, translations for the passages were given.

When Hayek quoted others, any errors in a quotation were usually silently corrected. The exception was when Hayek made a small change to allow the quotation to fit better into his own surrounding prose. If there was any possibility that a correction of the text might introduce a meaning change, this was noted. Direct quotations by Hayek of others were indicated by the use of double quotation marks. Single quotation marks were used by Hayek for emphasis, and they have been retained.

Finally, in Hayek's citations, errors in the title of a book or journal were

silently corrected. But for errors in the spelling of an author's name, wrong dates or volume numbers for journal articles, and wrong page numbers, the correction was indicated by putting the correct information in [brackets].

The organisations whose financial assistance has made possible the publication of this series are noted at the beginning of the volume. I am especially happy to report that the Pierre F. and Enid Goodrich Foundation has arranged with the University of Chicago Press to publish paperback editions of selected volumes in the *Collected Works* series. Liberty Fund is known for producing volumes of exceptional quality that are sold for almost unreasonably low prices, so this is very good news indeed for the series and for readers alike.

I also would like to thank the following individuals and institutions for granting permission to reproduce or quote from materials for which they hold copyright: the Estate of F. A. Hayek for permission to quote from his unpublished correspondence and papers; Stephen Kresge for permission to quote from transcripts of interviews conducted by W. W. Bartley III with F. A. Hayek; the University of Chicago and Princeton University Libraries for permission to quote from materials contained in their archives; the Hoover Institution on War, Revolution, and Peace for permission to quote from materials contained in the Hoover Institution Archives; and the Syndics of Cambridge University Library for permission to quote from the Lord Acton correspondence.

The British economics journal *Economica* first published Hayek's essays "The Counter-Revolution of Science" and "Scientism and the Study of Society" in 1941 and 1942–44, respectively. Revised versions of the essays were published by the Free Press in 1952 in a volume entitled *The Counter-Revolution of Science: Studies on the Abuse of Reason*, and those versions provided the basis for the present text. Our thanks to the Free Press for granting the rights for publishing these essays to the Estate of F. A. Hayek.

Bruce Caldwell
Greensboro, NC

INTRODUCTION

The Austrian economist Friedrich A. Hayek came to the London School of Economics (LSE) as a visiting professor in fall of 1931 and secured a permanent position as the Tooke Chair of Economic Science and Statistics the following year. From late 1933 onwards, he toiled fitfully over a big book on capital theory, an endeavour that was finally nearing completion in 1939. On August 27 of that year Hayek wrote a letter to Fritz Machlup, an old friend from university days.¹ He told him about his plans for his next big research project, a wide-ranging historical investigation that would incorporate intellectual history, methodology, and an analysis of social problems, all aimed at shedding light on the consequences of socialism:

A series of case studies should come first, that would have as its starting point certain problems of methodology and especially the relationship between the method of natural science and social problems, leading to the fundamental scientific principles of economic policy and ultimately to the consequences of socialism. The series should form the basis of a systematic intellectual historical investigation of the fundamental principles of the social development of the last hundred years (from Saint-Simon to Hitler).²

¹At the time, Machlup was teaching at the University of Buffalo in New York; he and Hayek had corresponded frequently throughout the 1930s about the book on capital theory. For more on this, see the editor's introduction to F. A. Hayek, *The Pure Theory of Capital*, ed. Lawrence H. White, vol. 12 (2007) of *The Collected Works of F. A. Hayek* (Chicago: University of Chicago Press, and London: Routledge), xviii–xxi. The correspondence between Hayek and Machlup was invaluable in reconstructing the evolution of the Abuse of Reason project.

²Es sollte zuerst eine Serie von Einzelstudien folgen, die von gewissen Problemen der Methodologie und besonders den Beziehungen zwischen naturwissenschaftlicher Methode und sozialen Problemen ausgehend über die wissenschaftlichen Grundlagen der Wirtschaftspolitik zu den Folgen des Sozialismus hinführen würde und die Grundlage einer systematischen geistesgeschichtlichen Untersuchung der Grundlagen der sozialen Entwicklung der letzten hundert Jahre (von Saint Simon zu Hitler) bilden sollte. Letter, F. A. Hayek to Fritz Machlup, August 27, 1939, in the Fritz Machlup papers, box 43, folder 15, Hoover Institution Archives, Stanford University, Calif.

The date on the letter is significant. Four days earlier, the Molotov-Ribbentrop non-aggression pact between Germany and the Soviet Union had been signed. Five days later Hitler would invade Poland. On September 3, England and France would respond by declaring war on Germany. The Second World War had begun.

The war might well have stopped Hayek's grand project in its tracks. Within a week of England's declaration, Hayek drafted a letter to the director general of the British Ministry of Information offering his services to the war effort. Describing himself as an "ex-Austrian", a university professor, and someone who had "for some time" been a British subject (he had in fact been naturalised only the previous year), it was evident that he wanted to make crystal clear both his credentials and his allegiances. Accompanying the letter was a memo, "Some Notes on Propaganda in Germany", that contained a variety of suggestions about how to launch an effective propaganda campaign in the German-speaking countries.³ Among the recommendations was an initiative that would seek to demonstrate to the German people, using German sources, that the principles of liberal democracy now being defended by England and France had also once been embraced by some of the great German poets and writers of the past, a fact that had been effectively written out of German history since Bismarck's time.⁴ Evidently envisioning a rôle for himself in the propaganda effort, Hayek went on to say that "If such 'historical instruction' is to have a chance of success it is absolutely essential that all historical references should be scrupulously and even pedantically correct".⁵

Hayek would wait until December for his answer from the Ministry of Information. How different his personal history might have been had the director general accepted his offer! But it was not to be; the letter from the Ministry thanked him for his proposals but failed to ask for his assistance. Instead of working for the government as a propagandist, Hayek would begin writing the book that he had described to Machlup just days before the war began.

Only parts of that grand project would ever be finished. The "series of case studies" relating methodology and the scientific method to social problems that Hayek mentioned first would ultimately become his essay "Scientism and the Study of Society". The intellectual history part would never be com-

³ Hayek's memo may be found in the Friedrich A. von Hayek papers, box 61, folders 4, Hoover Institution Archives, Stanford University, Calif. It is reproduced in the appendix to this volume.

⁴ In this context it is interesting to note Hayek's remarks in an unpublished interview with W. W. Bartley III, dated "Summer 1984, at St. Blasien": "I was reading Schiller, and Goethe's friends and circle at a very early age. I got my liberalism from the great German poets". This and other unpublished interviews cited in the editor's introduction are used with the permission of the Hayek estate and Stephen Kresge.

⁵ See this volume, appendix, p. 306.

pleted: only his study of the origins of scientism in France, which carried the title “The Counter-Revolution of Science”, plus the short piece “Comte and Hegel”, would be published. Hayek got sidetracked, first by the growth in scope of his “Scientism” essay, and then by his decision to transform the last part of his project, the part on “the consequences of socialism”, into a separate full-length book. That volume would appear in 1944 and would be called *The Road to Serfdom*.

Hayek’s larger book would have carried the provocative title *The Abuse and Decline of Reason*, and that title has been retained for this *Collected Works* edition, with the words “*Studies on*” added to emphasise that the originally envisioned volume was never completed. This introduction will tell the story of Hayek’s greatest unfinished piece of work. It will document the sequence in which the essays were created, explore some of their major themes, and examine some aspects of Hayek’s intellectual history that may help to explain why he made the arguments that he did. In the concluding sections, a brief assessment of Hayek’s contribution will be offered, and the significance of the Abuse of Reason project for the later development of his ideas will be traced.

The Creation of the Essays

The studies of which this book is the result have from the beginning been guided by and in the end confirmed the somewhat old-fashioned conviction of the author that it is human ideas which govern the development of human affairs.⁶

About ten months after his initial letter, in June 1940, Hayek wrote again to Machlup about his new endeavour. His enthusiasm is transparent:

It is a great subject and one could make a great book of it. I believe indeed I have now found an approach to the subject through which one could exercise some real influence. But whether I shall ever be able to write it depends of course not only on whether one survives this but also on the outcome of it all. If things go really badly I shall certainly not be able to continue it here and since I believe that it is really important and the best I can do for the future of mankind, I should then have to try to transfer my activities elsewhere. Since at a later stage it may be difficult to write about it, I have already sent copies of the outline of the first part to Haberler and Lipmann

⁶This and subsequent aphorisms are taken from Hayek’s notes on the project, some of which appear to have been for an intended, but never written, preface for the book. The notes may be found in the Hayek papers, box 107, folder 17, Hoover Institution Archives.

[sic]⁷ as a basis of any future application to one of the foundations for funds, and I am enclosing another copy with this letter. I am afraid it only gives the historical skeleton round which the main argument is to be developed, but I have not the peace of mind at the present moment to put the outline of the argument itself on paper. The second part would of course be an elaboration of the central argument of my pamphlet on Freedom and the Economic System.⁸

It is clear from this passage that, in addition to being enthusiastic, Hayek also thought that his project was a vitally important one: for a man not normally given to hyperbole, “the best I can do for the future of mankind” is certainly an unexpected phrasing. The dramatic choice of words presumably reflected his response to recent events. The ‘phoney war’ had ended dramatically on May 10, 1940, when Hitler invaded France and the Low Countries. Hayek was writing only three weeks after the British Expeditionary Force and its allies had barely avoided annihilation or capture on the beaches of Dunkirk. He was worried about whether he would survive the war, and perhaps even about which side would win, and was convinced that this was his best means for making a real contribution to the war effort.

The outline he included shows that he had established where he wanted to go with the book, even to the point of creating titles for the first eighteen chapters. The subtitle, as well as the title of part I, reveal his major theme: the abuse and decline of reason was caused by hubris, by man’s pride in his ability to reason, which in Hayek’s mind had been heightened by the rapid advance and multitudinous successes of the natural sciences, and the attempt to apply natural science methods in the social sciences. The letter also indicates that he had already decided that the second part of the book, to be titled “The Totalitarian Nemesis”, was to be an expansion of the themes found in his 1939 article “Freedom and the Economic System”.⁹

⁷ Gottfried Haberler (1901–95) was another friend from his university days, who by then was on the faculty at Harvard University. Hayek should not have misspelled the name of the American newspaperman and author Walter Lippmann (1889–1974), given that he had attended a colloquium in Paris the year before honouring Lippmann’s book, *An Inquiry into the Principles of the Good Society* (Boston: Little, Brown, 1937). Comments by some of those who attended the Colloque (unfortunately those of Hayek were not preserved) may be found in Louis Rougier, ed., *Compte-rendu des séances du colloque Walter Lippmann* (Paris: Editions politiques, économiques et sociologiques, Librairie de Médicis, 1938). The Colloque Lippmann led to the establishment of a research centre in France dedicated to the revival of liberalism, one that disappeared once the war began. It is plausible that Hayek viewed his book as his own contribution to the cause of defending liberalism.

⁸ Letter, F. A. Hayek to Fritz Machlup, June 21, 1940, Machlup papers, box 43, folder 15, Hoover Institution Archives. The full text of the letter is reproduced in the appendix.

⁹ There were two versions of “Freedom and the Economic System”, one published in 1938, the other in 1939. They are both reproduced in F. A. Hayek, *Socialism and War*, ed. Bruce Caldwell, vol. 10 (1997) of *The Collected Works of F. A. Hayek*, chapters 8 and 9.

THE ABUSE AND DECLINE OF REASON.

The Reflections of an Economist on the Self-Destructive Tendencies of our Scientific Civilization.

SYNOPSIS.

Preface and Plan.

Introduction: The Humility of Individualism.

Part I. - The Collectivist Hybris.

Section I. The French Phase.

- Chapter 1. Scientism.
- " 2. The Origin of the Scientific Hybris: L'Ecole Polytechnique.
- " 3. L'Accoucheur d'idees: Saint-Simon.
- " 4. The Feligion of the Engineers: The Saint-Simonians.
- " 5. Saint-Simonian Influence.
- " 6. Social Physics: Auguste Comte.

Section II. The German Phase.

- Chapter 7. The Extremes Meet: Comte and Hegel.
- " 8. Scientific Socialism and the Technological Interpretation of History.
- " 9. Historicism and the Socialism of the Chair.
- " 10. The "Social Empire".
- " 11. Scientifically Organised Industry.
- " 12. The Spiritual Bodyguard of the Hohenzollerns.

Section III. The English Phase.

- Chapter 13. England's Lost Intellectual Leadership.
- " 14. Evolutionism and English Positivism
- " 15. "We are all Socialists now."
- " 16. Fabianism.
- " 17. *Tory Socialism*
- " 18. The End of Free Trade.

Section IV. The American Phase.

(Will deal in succession with the influence of the Historical School, Pragmatism, Behaviourism, Institutionalism and Econometrics.)

Part II. - The Totalitarian Genesis.

An early outline of the book.

Hayek worked on the book throughout the summer of 1940, sending copies of chapters to Gottfried Haberler as he finished them. On September 7 the London Blitz began. As a result, the LSE was fully evacuated for the duration to Peterhouse, Cambridge, and during the coming academic year (1940-41) Hayek would spend three nights of each week in Cambridge, the other four in his London home in the Hampstead Garden Suburb, his own family having long since been evacuated to Lionel Robbins's country cottage. Hayek's letter

to Machlup of October 13, 1940, gives a taste of what life was like in London, then goes on to detail the progress of his book:

I have, in fact, done more work this summer than ever before in a similar period. After finishing with the proofs of my capital book (which Macmillan is now hesitating to bring out—it is all ready), I have completed five historical chapters of my new book and am now deep in the most difficult first theoretical chapters.¹⁰

We see here not only Hayek's progress but also how his plan for the volume was beginning to change. The "five historical chapters", chapters two through six on the original outline, contained Hayek's account of "the French Phase", detailing the origins of scientism, which he located in the writings of Henri Saint-Simon, his followers the Saint-Simonians, and the polymath scholar Auguste Comte. Hayek published these chapters the next year, in the February, May, and August 1941 issues of the LSE journal *Economica* under the title "The Counter-Revolution of Science". But instead of continuing on with the historical section, Hayek began working on chapter one, which was to be called "Scientism". The only other historical chapter that Hayek would finish was the first chapter of "the German Phase", titled "Comte and Hegel", which was finally published in 1951.¹¹

As his letter suggests, Hayek's planned single chapter on scientism had expanded, and he was having difficulties with the topic. It would take him four more years to complete the essay: the first instalment would appear in *Economica* in August 1942, the second in February 1943, and the last in February 1944. Thus did the single chapter labelled "Scientism" ultimately become a major essay of ten chapters, "Scientism and the Study of Society".

The expanded scope and the inherent difficulties of the material covered in the "Scientism" essay were partly responsible for the slowdown, but it was also due to Hayek's decision to begin focusing on another project. He announced this in his holiday letter to Machlup, begun in December 1940 in Cambridge (where by this time Hayek had, with the assistance of John Maynard Keynes, secured rooms at King's College) and finished on New Year's Day 1941 in Tintagel on the Cornish coast: "at the moment I am mainly concerned with an enlarged and somewhat more popular exposition of the theme of my *Freedom and the Economic System* which, if I finish it, may come out as a sixpence Penguin

¹⁰ Letter, F. A. Hayek to Fritz Machlup, October 13, 1940, Machlup papers, box 43, folder 15, Hoover Institution Archives. The full text of the letter is reproduced in the appendix.

¹¹ Hayek apparently used "Comte and Hegel" as his inaugural lecture at the University of Chicago.

volume”.¹² By the summer Hayek would report that a “much enlarged” version of the pamphlet was “unfortunately growing into a full fledged book”.¹³ Finally, by October 1941 Hayek told Machlup that he had decided to devote nearly all of his time to what would become *The Road to Serfdom*:

It [the “Scientism” essay] is far advanced, but at the moment I am not even getting on with that because I have decided that the applications of it all to our own time, which should some day form volume II of *The Abuse and Decline of Reason*, are more important. . . . If one cannot fight the Nazis one ought at least fight the ideas which produce Naziism; and although the well-meaning people who are so dangerous have of course no idea of it, the danger which comes from them is none the less serious. The most dangerous people here are a group of socialist scientists and I am just publishing a special attack on them in *Nature*—the famous scientific weekly which in recent years has been one of the main advocates of “planning”.¹⁴

Hayek’s change in course is understandable. He had begun his great book just as Europe was going to war. Western civilisation itself was at stake, and given that the British government would not allow him to participate directly, writing a treatise on how the world had come to such an awful state was to be Hayek’s war effort, the best he could do “for the future of mankind”. Two years later the prospects for the allies seemed brighter, but a new danger was looming. Hayek increasingly feared that the popular enthusiasm for planning, one that had only increased during the war, would affect postwar policy in England.¹⁵ *The Road to Serfdom* was intended as a counterweight to these trends. Working on it became his first priority, even if it meant delaying his more

¹²Letter, F. A. Hayek to Fritz Machlup, December 14, 1940/January 1, 1941, Machlup papers, box 43, folder 15, Hoover Institution Archives. The full text of the letter is reproduced in the appendix.

¹³Letter, F. A. Hayek to Fritz Machlup, July 31, 1941, Machlup papers, box 43, folder 15, Hoover Institution Archives.

¹⁴Letter, F. A. Hayek to Fritz Machlup, October 19, 1941, Machlup papers, box 43, folder 15, Hoover Institution Archives. The full text of the letter is reproduced in the appendix. The article in *Nature* that Hayek refers to, titled “Planning, Science, and Freedom”, is reprinted in F. A. Hayek, *Socialism and War*, chapter 10. We will learn more about these socialist (mostly natural) scientists later in this introduction.

¹⁵For a more detailed account of Hayek’s decision, see the editor’s introduction to F. A. Hayek, *The Road to Serfdom: Text and Documents*, ed. Bruce Caldwell, vol. 2 (2007) of *The Collected Works of F. A. Hayek*, pp. 9–15. Hayek expressed his concerns succinctly in a letter to Jacob Viner, in which he wrote “although I am fairly optimistic about the war, I am by no means so about the peace, or rather about the economic regime that will follow the war”. Letter, F. A. Hayek to Jacob Viner, February 1, 1942, Jacob Viner papers, box 13, folder 26, Public Policy Papers, Department of Rare Books and Special Collections, Princeton University Library, Princeton, NJ.

scholarly treatment of the historical origins and eventual spread of the doctrines that had in his estimation led to the abuse and decline of reason.

The present volume includes an additional chapter, Hayek's famous essay "Individualism: True and False". According to his outline, the two-volume work was to have been introduced with this essay, which Hayek had originally titled "The Humility of Individualism". It has accordingly been placed in its intended position and labelled as a 'Prelude' to the other essays. It is not clear exactly when "Individualism: True and False" was written, but given that it was first delivered as an address in Ireland in December 1945, it was probably completed sometime after the publication of the "Scientism" and "Counter-Revolution" essays.¹⁶

After the war was over, Hayek undertook a number of disparate projects, among them writing *The Sensory Order*, putting together a volume on the correspondence between John Stuart Mill and Harriet Taylor, arranging for the first meeting of the Mont Pèlerin Society, and leaving the LSE for a new job at the Committee on Social Thought at the University of Chicago. In a letter in November 1948 replying to John Nef's invitation to come to Chicago, Hayek reiterated his plan to do further work on *The Abuse and Decline of Reason*.¹⁷ But sometime during the next couple of years he evidently decided to abandon the project, for in 1952 he published *The Counter-Revolution of Science: Studies on the Abuse of Reason*.¹⁸ The book contained all that he had finished of the project: "Scientism", "The Counter-Revolution of Science", and "Comte and Hegel". Hayek's prefaces to the 1952 English and 1959 German editions of that book are included in the appendix of the present volume.

As this history of the creation of the essays makes clear, they were actually written in the reverse order in which they appear in this volume: "Counter-Revolution" was completed first, then "Scientism", then "Individualism: True and False". In the preface to the German edition, Hayek noted that for "the reader who has little taste for abstract discussion", the historical account provided in "Counter-Revolution" makes for easier reading than does "Scientism", so that such readers may wish to start there first.¹⁹

¹⁶ One can never know for sure why Hayek chose the title "Individualism: True and False" for his paper. Two titles that he may have been playing off were Sidney Webb, *Socialism: True and False* (London: The Fabian Society, 1894), a lecture that Webb gave before the Fabian Society in 1894, and John Dewey, *Individualism, Old and New* (New York: Minton, Balch, and Co., 1930). Alternatively, given his Irish audience, he may well have been responding to passages about true and false individualism that may be found in Oscar Wilde, "The Soul of Man under Socialism" [1891], reprinted in *The Writings of Oscar Wilde* (New York: Wise, 1931), pp. 12–13.

¹⁷ Letter, F. A. Hayek to John Nef, November 6, 1948, Hayek papers, box 55, folder 1, Hoover Institution Archives.

¹⁸ F. A. Hayek, *The Counter-Revolution of Science: Studies on the Abuse of Reason* (Glencoe, IL: Free Press, 1952; reprinted, Indianapolis, IN: LibertyPress, 1979).

¹⁹ F. A. Hayek, Preface to the German Edition, this volume, pp. 322–23.

Major Themes of the “Scientism” Essay

What has so far been the greatest achievement of the human mind (the techniques of commanding the forces of nature) applied to society may yet prove the cause of its destruction.²⁰

The “Scientism” essay does contain some “abstract discussion”, but the main lines of Hayek’s argument are pretty straightforward. Hayek begins by noting that in the eighteenth and early nineteenth centuries, those who sought to examine economic and social phenomena scientifically usually followed methods that were dictated by the material under study. As the nineteenth century progressed, however, the term ‘science’ came more and more to be associated with the successes of the physical and biological sciences, with the rigour of their methods and the certainty of their results. A change gradually took place in the social sciences, as the “ambition to imitate Science in its methods rather than its spirit” became a dominant theme.²¹ Hayek refers to this “slavish imitation of the method and language of Science” as *scientism*, or as the scientific prejudice, an attitude that he felt was profoundly *unscientific*.²² Scientism involves a prejudice because, even before considering the nature of a subject area, it presumes to know the best way to study it.

Hayek’s next step, accordingly, is to offer a description of the social reality that we seek to understand. The social sciences concern themselves first and foremost with explaining human action. All human action is based on people’s subjective perceptions and beliefs, or what Hayek calls ‘opinions’. Because these opinions determine the actions we seek to explain, they constitute the ‘data’ of the social sciences. What can we say about them?

First, though each person knows by introspection that opinions drive his own actions, opinions are not observable, only the actions that follow from them are. The fact that we are able to communicate with other people about the world suggests, however, that our minds operate in a similar way. Though the structures of individual minds may be similar, humans have different subjective beliefs: our knowledge “only exists in the dispersed, incomplete, and inconsistent form in which it appears in many individual minds”.²³ And as he

²⁰Notes, F. A. Hayek papers, box 107, folder 17, Hoover Institution Archives.

²¹This volume, p. 78.

²²Ibid., p. 80. As Hayek wrote on one of his notes for the project, “I use scientific because it desires to be but is not scientific”. See Notes, F. A. Hayek papers, box 107, folder 17, Hoover Institution Archives.

²³Ibid., p. 93. That our beliefs are subjective and knowledge is dispersed is something that Hayek had first asserted in “Economics and Knowledge”. See F. A. Hayek, “Economics and Knowledge”, *Economica*, n.s., vol. 4, Feb. 1937, pp. 33–54, reprinted in F. A. Hayek, *Individualism and Economic Order* (Chicago: University of Chicago Press, 1948), pp. 33–56. The essay will appear in a forthcoming volume of *The Collected Works*.

indicates with the word “inconsistent”, a further implication of the subjective nature of beliefs is that they may be false. Hayek sums up his discussion of the subject matter of the social sciences with the following words:

we must start from what men think and mean to do: from the fact that the individuals which compose society are guided in their actions by a classification of things or events according to a system of sense qualities and of concepts which has a common structure and which we know because we, too, are men; and that the concrete knowledge which different individuals possess will differ in important respects. . . . Society as we know it is, as it were, built up from the concepts and ideas held by the people; and social phenomena can be recognised by us and have meaning to us only as they are reflected in the minds of men.²⁴

Given this description of the nature of social reality, Hayek then outlines the appropriate method for its study. Simply put, the task of the social scientist is to show how the constitutive opinions of individual agents lead them to create through their actions the more complex structures that constitute the social world. The most interesting structures are those which are unintended: observed regularities that are not the results of anyone’s design. Following Carl Menger, Hayek dubs the method by which such larger social phenomena are composed from the interaction of individual elements the *compositive* method.²⁵

Hayek provides a simple example of what he means—the explanation of the formation of footpaths. Before a footpath is formed in a forest, each person travelling through makes his own path. But over time certain paths get used more often, and eventually, everyone starts using the same ones. This explanation, Hayek notes, has little to do with our powers of observation, but much to do with our understanding of how human beings act:

it is not the observation of the actual growth of any particular track, and still less of many, from which this explanation derives its cogency, but from our general knowledge of how we and other people behave in the kind of situation in which the successive people find themselves. . . . It is the elements of the complex of events which are familiar to us from everyday experience, but it is only by a deliberate effort of directed thought that we come to see the necessary effects of the combination of such actions by many people. We ‘understand’ the way in which the result we observe can be produced,

²⁴This volume, p. 97.

²⁵Ibid., p. 102.