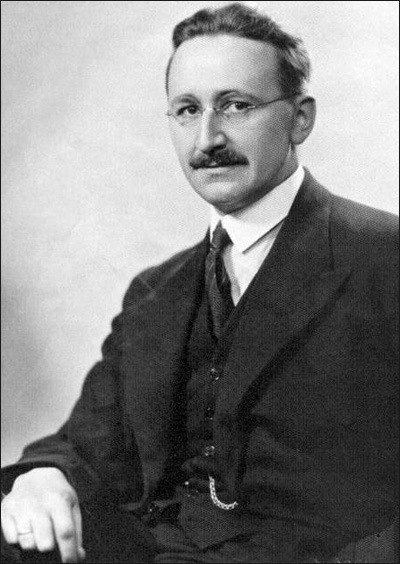
**Friedrich August Hayek** 1899 -1992

**http://en.wikipedia.org/wiki/Friedrich\_Hayek**

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**Friedrich August Hayek** [CH](http://en.wikipedia.org/wiki/Order_of_the_Companions_of_Honour) (8 May 1899 – 23 March 1992), born **Friedrich August von Hayek**, was an [Austrian](http://en.wikipedia.org/wiki/Austria)-born [economist](http://en.wikipedia.org/wiki/Economist) and [philosopher](http://en.wikipedia.org/wiki/Philosopher) best known for his defense of [classical liberalism](http://en.wikipedia.org/wiki/Classical_liberalism) and [free-market](http://en.wikipedia.org/wiki/Free_market) [capitalism](http://en.wikipedia.org/wiki/Capitalism) against [socialist](http://en.wikipedia.org/wiki/Socialism) and [collectivist](http://en.wikipedia.org/wiki/Collectivism) thought. He is considered to be one of the most important economists and political philosophers of the twentieth century.[[1]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-0) Hayek's account of how [changing prices communicate signals](http://en.wikipedia.org/wiki/Price_signal) which enable individuals to coordinate their plans is widely regarded as an important achievement in [economics](http://en.wikipedia.org/wiki/Economics).[[2]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-1) Hayek also produced significant work in the fields of [systems thinking](http://en.wikipedia.org/wiki/Systems_thinking), [jurisprudence](http://en.wikipedia.org/wiki/Jurisprudence), [neuroscience](http://en.wikipedia.org/wiki/Neuroscience) and the history of ideas.

Hayek served in [World War I](http://en.wikipedia.org/wiki/World_War_I), and said that his experience in the war and his desire to help avoid the mistakes that had led to the war (see below) led him to his career. He took his first position in 1927, the same year that [Stalin](http://en.wikipedia.org/wiki/Stalin) consolidated his power in the [Soviet Union](http://en.wikipedia.org/wiki/Soviet_Union) by expelling [Trotsky](http://en.wikipedia.org/wiki/Trotsky) from the Communist Party. That same decade, communist rebellions took place in several countries in Europe. A different form of totalitarianism, [fascism](http://en.wikipedia.org/wiki/Fascism), was at the same time rising in Germany and Italy. Additionally, the [Great Depression](http://en.wikipedia.org/wiki/Great_Depression) began in 1929, at the very start of Hayek's career.

In 1974 Hayek shared the [Nobel Memorial Prize in Economics](http://en.wikipedia.org/wiki/Nobel_Memorial_Prize_in_Economics) (with Swedish economist [Gunnar Myrdal](http://en.wikipedia.org/wiki/Gunnar_Myrdal)) for his "pioneering work in the [theory of money](http://en.wikipedia.org/wiki/Monetary_policy) and [economic fluctuations](http://en.wikipedia.org/wiki/Business_cycle) and [his] penetrating analysis of the interdependence of economic, social and institutional phenomena."[[3]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-2) He also received the [U.S.](http://en.wikipedia.org/wiki/United_States) [Presidential Medal of Freedom](http://en.wikipedia.org/wiki/Presidential_Medal_of_Freedom) in 1991 from president [George H. W. Bush](http://en.wikipedia.org/wiki/George_H._W._Bush).[[4]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-3)

Hayek lived in Austria, Great Britain, the United States and Germany, and became a British subject in 1938. He spent most of his academic life at the [London School of Economics](http://en.wikipedia.org/wiki/London_School_of_Economics) (LSE), the [University of Chicago](http://en.wikipedia.org/wiki/University_of_Chicago), and the [University of Freiburg](http://en.wikipedia.org/wiki/University_of_Freiburg).

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**[**[**edit**](http://en.wikipedia.org/w/index.php?title=Friedrich_Hayek&action=edit&section=1)**] Early life**

Hayek was born in [Vienna](http://en.wikipedia.org/wiki/Vienna) (then capital of [Austria-Hungary](http://en.wikipedia.org/wiki/Austria-Hungary)), the son of a doctor in the municipal health service. Hayek's grandfathers were prominent academics working in the fields of statistics and biology. The paternal line had been raised to the ranks of the [Austrian nobility](http://en.wikipedia.org/wiki/Austrian_nobility) for its services to the state, a generation before his maternal forebears were also raised to the lower noble rank. (After 1919 titles of nobility were banned by law in Austria, and the "von Hayek" family became simply the Hayek family, hence after 1919 Hayek's legal name became "Friedrich Hayek" not "Friedrich von Hayek".) Hayek's father turned his work on regional botany into a highly esteemed botanical treatise, continuing the family's scholarly traditions.[*[citation needed](http://en.wikipedia.org/wiki/Wikipedia:Citation_needed" \o "Wikipedia:Citation needed)*]

His mother's family belonged to the wealthier [bourgeoisie](http://en.wikipedia.org/wiki/Bourgeoisie).[*[citation needed](http://en.wikipedia.org/wiki/Wikipedia:Citation_needed" \o "Wikipedia:Citation needed)*] Also on his mother's side, Hayek was second cousin to the philosopher [Ludwig Wittgenstein](http://en.wikipedia.org/wiki/Ludwig_Wittgenstein). His mother often played with Ludwig's sisters. As a result of this family relationship, Hayek became one of the first to read Wittgenstein's [*Tractatus Logico-Philosophicus*](http://en.wikipedia.org/wiki/Tractatus_Logico-Philosophicus) when the book was published in its original German edition in 1921.[*[citation needed](http://en.wikipedia.org/wiki/Wikipedia:Citation_needed" \o "Wikipedia:Citation needed)*]

Already as a teenager, and at his father's suggestion, Hayek read the genetic and evolutionary works of [Hugo de Vries](http://en.wikipedia.org/wiki/Hugo_de_Vries) and the philosophical works of [Ludwig Feuerbach](http://en.wikipedia.org/wiki/Ludwig_Feuerbach).[[5]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-4) In school Hayek was much taken by one instructor's lectures on [Aristotle's ethics](http://en.wikipedia.org/wiki/Aristotle%27s_ethics).

In 1917 he joined an artillery regiment in the [Austro-Hungarian Army](http://en.wikipedia.org/wiki/Austro-Hungarian_Army) and fought on the [Italian](http://en.wikipedia.org/wiki/Italy) front. Much of Hayek's combat experience was spent as a spotter in an aeroplane. He survived the war without serious injury and was decorated for bravery.

Hayek then decided to pursue an academic career, determined to help avoid the mistakes that had led to [World War I](http://en.wikipedia.org/wiki/World_War_I). Hayek said about his experience: "The decisive influence was really World War I. It's bound to draw your attention to the problems of political organization." He vowed to work for a better world.[[6]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-5)

**[**[**edit**](http://en.wikipedia.org/w/index.php?title=Friedrich_Hayek&action=edit&section=2)**] Student and economist**

At the [University of Vienna](http://en.wikipedia.org/wiki/University_of_Vienna), he earned [doctorates](http://en.wikipedia.org/wiki/Doctorate) in law and political science in 1921 and 1923 respectively, and he also studied [philosophy](http://en.wikipedia.org/wiki/Philosophy), [psychology](http://en.wikipedia.org/wiki/Psychology) and economics with a keen interest. For a short time, when the University of Vienna closed, Hayek studied in [Constantin von Monakow](http://en.wikipedia.org/wiki/Constantin_von_Monakow)'s Institute of Brain Anatomy, where Hayek spent much of his time [staining](http://en.wikipedia.org/wiki/Staining) brain cells. Hayek's time in Monakow's lab, and his deep interest in the work of [Ernst Mach](http://en.wikipedia.org/wiki/Ernst_Mach), inspired Hayek's first intellectual project, eventually published as *The Sensory Order* (1952). It turned Mach's contribution on its head, locating connective learning at the physical, neurological levels in a direct rejection of the "sense data" associationism of the naive empiricists and logical positivists. Hayek presented his work to the private seminar he had created with [Herbert Furth](http://en.wikipedia.org/wiki/Herbert_Furth) called [the Geistkreis](http://en.wikipedia.org/wiki/The_Geistkreis).[[7]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-6)

During his years at the U. of Vienna [Carl Menger](http://en.wikipedia.org/wiki/Carl_Menger)'s work on the explanatory strategy of social science and [Friedrich von Wieser](http://en.wikipedia.org/wiki/Friedrich_von_Wieser)'s commanding presence in the classroom left a lasting influence on Hayek.[[8]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-7) Upon the completion of his University exams, Hayek was hired by [Ludwig von Mises](http://en.wikipedia.org/wiki/Ludwig_von_Mises) on the recommendation of von Wieser as a specialist for the Austrian government working on the legal and economic details of the [Treaty of Saint Germain](http://en.wikipedia.org/wiki/Treaty_of_Saint_Germain).[[*citation needed*](http://en.wikipedia.org/wiki/Wikipedia:Citation_needed)] Between 1923 and 1924 Hayek took advantage of an opportunity to work as a research assistant to Prof. [Jeremiah Jenks](http://en.wikipedia.org/wiki/Jeremiah_Jenks) of [New York University](http://en.wikipedia.org/wiki/New_York_University), compiling macroeconomic data on the American economy and the operations of the U.S. Federal Reserve.

Initially sympathetic to Wieser's social democratic socialism, Hayek's economic thinking shifted away from socialism and toward the classical liberalism of Carl Menger after reading [Ludwig von Mises](http://en.wikipedia.org/wiki/Ludwig_von_Mises)' book *Socialism*. It was sometime after reading *Socialism* that Hayek began attending Ludwig von Mises' private seminars, joining several of his university friends—including [Fritz Machlup](http://en.wikipedia.org/wiki/Fritz_Machlup), Alfred Schutz, Felix Kaufmann,and Gottfried Haberler—who were also participating in Hayek's own, more general private seminar. It was during this time that he also encountered and befriended noted political philosopher [Eric Voegelin](http://en.wikipedia.org/wiki/Eric_Voegelin), with whom he retained a long-standing relationship.

With the help of von Mises, in the late 1920s Hayek founded and served as director of the [Austrian Institute for Business Cycle Research](http://en.wikipedia.org/w/index.php?title=Austrian_Institute_for_Business_Cycle_Research&action=edit&redlink=1), before joining the faculty of the [London School of Economics](http://en.wikipedia.org/wiki/London_School_of_Economics) (LSE) in 1931 at the behest of [Lionel Robbins](http://en.wikipedia.org/wiki/Lionel_Robbins). Upon his arrival in London, Hayek was quickly recognized as one of the leading economic theorists in the world, and his development of the economics of processes in time and the coordination function of prices inspired the ground-breaking work of [John Hicks](http://en.wikipedia.org/wiki/John_Hicks), [Abba Lerner](http://en.wikipedia.org/wiki/Abba_Lerner), and many others in the development of modern microeconomics.[[9]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-8)

During the [Great Depression](http://en.wikipedia.org/wiki/Great_Depression), Hayek advocated for recovery via increased private investment in the public markets, and argued against direct government investment, as witnessed by letters he wrote to [*The Times*](http://en.wikipedia.org/wiki/The_Times) in an exchange of letters with [John Maynard Keynes](http://en.wikipedia.org/wiki/John_Maynard_Keynes).[[10]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-9) The Depression formed a crucial backdrop against with Hayek formulated his positions, especially in opposition to the views of Keynes.[[11]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-10)

Economists who studied with Hayek at the LSE in the 1930s and 1940s include [Arthur Lewis](http://en.wikipedia.org/wiki/Arthur_Lewis_%28economist%29), [Ronald Coase](http://en.wikipedia.org/wiki/Ronald_Coase), [John Kenneth Galbraith](http://en.wikipedia.org/wiki/John_Kenneth_Galbraith), Abba Lerner, [Nicholas Kaldor](http://en.wikipedia.org/wiki/Nicholas_Kaldor), [George Shackle](http://en.wikipedia.org/wiki/George_Shackle), [Thomas Balogh](http://en.wikipedia.org/wiki/Thomas_Balogh), [Vera Smith](http://en.wikipedia.org/w/index.php?title=Vera_Smith&action=edit&redlink=1), [L. K. Jha](http://en.wikipedia.org/wiki/L._K._Jha), [Arthur Seldon](http://en.wikipedia.org/wiki/Arthur_Seldon), [Paul Rosenstein-Rodan](http://en.wikipedia.org/wiki/Paul_Rosenstein-Rodan), and [Oskar Lange](http://en.wikipedia.org/wiki/Oskar_Lange).[[12]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-11)[[13]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-12)[[14]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-13) Hayek also taught or tutored all sorts of other L.S.E. students, including [David Rockefeller](http://en.wikipedia.org/wiki/David_Rockefeller).[[15]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-14)

Unwilling to return to Austria after the [Anschluss](http://en.wikipedia.org/wiki/Anschluss) brought it under the control of [Nazi Germany](http://en.wikipedia.org/wiki/Nazi_Germany) in 1938, Hayek remained in Britain and became a British subject in 1938. He held this status for the remainder of his life, although he did not live in Great Britain after 1950. He lived in the United States from 1950 to 1962 and then mostly in Germany, although briefly in Austria as well.[[16]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-15)

### [[edit](http://en.wikipedia.org/w/index.php?title=Friedrich_Hayek&action=edit&section=3)] *The Road to Serfdom*

Main article: [The Road to Serfdom](http://en.wikipedia.org/wiki/The_Road_to_Serfdom)

Hayek was concerned about the general view in Britain's academia that [fascism](http://en.wikipedia.org/wiki/Fascism) was a [capitalist](http://en.wikipedia.org/wiki/Capitalist) reaction against [socialism](http://en.wikipedia.org/wiki/Socialism) and [The Road to Serfdom](http://en.wikipedia.org/wiki/The_Road_to_Serfdom) arose from those concerns. It was written between 1940 and 1943. The title was inspired by the French classical liberal thinker [Alexis de Tocqueville](http://en.wikipedia.org/wiki/Alexis_de_Tocqueville)'s writings on the "road to servitude".[[17]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-16) It was first published in Britain by [Routledge](http://en.wikipedia.org/wiki/Routledge) in March 1944 and was quite popular, leading Hayek to call it "that unobtainable book," also due in part to wartime paper rationing.[[18]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-17) When it was published in the United States by the [University of Chicago](http://en.wikipedia.org/wiki/University_of_Chicago) in September of that year, it achieved greater popularity than in Britain. At the arrangement of editor [Max Eastman](http://en.wikipedia.org/wiki/Max_Eastman), the American magazine [*Reader's Digest*](http://en.wikipedia.org/wiki/Reader%27s_Digest) also published an abridged version in April 1945, enabling [*The Road to Serfdom*](http://en.wikipedia.org/wiki/The_Road_to_Serfdom) to reach a far wider audience than academics.

The [libertarian](http://en.wikipedia.org/wiki/Libertarian) economist [Walter Block](http://en.wikipedia.org/wiki/Walter_Block) has observed critically that while [*The Road to Serfdom*](http://en.wikipedia.org/wiki/The_Road_to_Serfdom) is "a war cry against [central planning](http://en.wikipedia.org/wiki/Centrally-planned_economy)," it appears to include a lukewarm support for a [free market](http://en.wikipedia.org/wiki/Free_market) system and [*laissez-faire*](http://en.wikipedia.org/wiki/Laissez-faire) [capitalism](http://en.wikipedia.org/wiki/Capitalism),[[19]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-blockserfdom-18) with Hayek even going so far as to say that "probably nothing has done so much harm to the liberal cause as the wooden insistence of some liberals on certain rules of thumb, above all of the principle of laissez-faire capitalism".[[20]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-19) In the book, Hayek writes that the government has a role to play in the economy through the [monetary system](http://en.wikipedia.org/wiki/Monetary_system), work-hours regulation, and institutions for the flow of proper information. These are contentions associated with the point of view of [ordoliberalism](http://en.wikipedia.org/wiki/Ordoliberalism). Through analysis of this and many other of Hayek's works, Block asserts that: "in making the case against socialism, Hayek was led into making all sort of compromises with what otherwise appeared to be his own philosophical perspective—so much so, that if a system was erected on the basis of them, it would not differ too sharply from what this author explicitly opposed."[[19]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-blockserfdom-18)

### [[edit](http://en.wikipedia.org/w/index.php?title=Friedrich_Hayek&action=edit&section=4)] Chicago

In 1950, Hayek left the London School of Economics for the [University of Chicago](http://en.wikipedia.org/wiki/University_of_Chicago), becoming a professor in the [Committee on Social Thought](http://en.wikipedia.org/wiki/Committee_on_Social_Thought). Hayek's first class at Chicago was a faculty seminar on the philosophy of science attended by many of the University's most notable scientists of the time, including [Enrico Fermi](http://en.wikipedia.org/wiki/Enrico_Fermi), [Sewall Wright](http://en.wikipedia.org/wiki/Sewall_Wright) and [Leó Szilárd](http://en.wikipedia.org/wiki/Le%C3%B3_Szil%C3%A1rd). During his time at Chicago, Hayek worked on the philosophy of science, economics, political philosophy, and the history of ideas. Hayek's economic notes from this period have yet to be published. He did not become part of the [Chicago School of Economics](http://en.wikipedia.org/wiki/Chicago_School_of_Economics).[[21]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-20)

After editing a book on [John Stuart Mill](http://en.wikipedia.org/wiki/John_Stuart_Mill)'s letters he planned to publish two books on the liberal order, [*The Constitution of Liberty*](http://en.wikipedia.org/wiki/The_Constitution_of_Liberty) and "The Creative Powers of a Free Civilization" (eventually the title for the second chapter of [*The Constitution of Liberty*](http://en.wikipedia.org/wiki/The_Constitution_of_Liberty)).[[22]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-21) He completed *The Constitution of Liberty* in May 1959, with publication in February 1960. Hayek was concerned "with that condition of men in which coercion of some by others is reduced as much as is possible in society".[[23]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-22) Hayek was disappointed that the book did not receive the same enthusiastic general reception as [*The Road to Serfdom*](http://en.wikipedia.org/wiki/The_Road_to_Serfdom) had sixteen years before.[[24]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-23)

### [[edit](http://en.wikipedia.org/w/index.php?title=Friedrich_Hayek&action=edit&section=5)] Freiburg and Salzburg

From 1962 until his retirement in 1968, he was a professor at the [University of Freiburg](http://en.wikipedia.org/wiki/Albert_Ludwigs_University_of_Freiburg), [West Germany](http://en.wikipedia.org/wiki/West_Germany), where he began work on his next book, [*Law, Legislation and Liberty*](http://en.wikipedia.org/wiki/Law,_Legislation_and_Liberty). Hayek regarded his years at Freiburg as "very fruitful".[[25]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-24) Following his retirement, Hayek spent a year as a visiting professor of philosophy at the [University of California, Los Angeles](http://en.wikipedia.org/wiki/University_of_California,_Los_Angeles), where he continued work on [*Law, Legislation and Liberty*](http://en.wikipedia.org/wiki/Law,_Legislation_and_Liberty), teaching a graduate seminar by the same name and another on the philosophy of social science. Primary drafts of the book were completed by 1970, but Hayek chose to re-work his drafts and finally brought the book to publication in three volumes in 1973, 1976 and 1979.

He became professor at the [University of Salzburg](http://en.wikipedia.org/wiki/University_of_Salzburg) from 1969 to 1977; he then returned to Freiburg, where he spent the rest of his days. When Hayek left Salzburg in 1977, he wrote that, "I made a mistake in moving to Salzburg". The economics department was small and the library facilities were inadequate.[[26]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-25)

### [[edit](http://en.wikipedia.org/w/index.php?title=Friedrich_Hayek&action=edit&section=6)] Nobel laureate

On 9 October 1974, it was announced that Hayek would be awarded the [Nobel Memorial Prize in Economics](http://en.wikipedia.org/wiki/Nobel_Memorial_Prize_in_Economics), along with Swedish socialist economist [Gunnar Myrdal](http://en.wikipedia.org/wiki/Gunnar_Myrdal). The reasons for the two of them winning the prize are described in the Nobel committee's press release.[[27]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-Economics_Prize_For_Works_In_Economic_Theory_And_Inter-Disciplinary_Research-26) He was surprised at being given the award and believed that he was given it with Myrdal in order to balance the award with someone from the opposite side of the political spectrum.[[28]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-Ref-1-27) During the Nobel ceremony in December 1974, Hayek met the Russian dissident [Aleksandr Solzhenitsyn](http://en.wikipedia.org/wiki/Aleksandr_Solzhenitsyn). Hayek later sent him a Russian translation of [*The Road to Serfdom*](http://en.wikipedia.org/wiki/The_Road_to_Serfdom) and Solzhenitsyn was surprised that someone who had not lived in Russia could see so clearly the effects of socialism.[[28]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-Ref-1-27) The Prize brought much greater public awareness of Hayek and has been described by his biographer as "the great rejuvenating event in his life".[[29]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-28)

## [[edit](http://en.wikipedia.org/w/index.php?title=Friedrich_Hayek&action=edit&section=7)] Later years; resurgence of liberalism

### [[edit](http://en.wikipedia.org/w/index.php?title=Friedrich_Hayek&action=edit&section=8)] United Kingdom politics

In February 1975 [Margaret Thatcher](http://en.wikipedia.org/wiki/Margaret_Thatcher) was elected leader of the British Conservative Party. The Institute of Economic Affairs arranged a meeting between Hayek and Thatcher in London soon after.[[30]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-29) During Thatcher's only visit to the [Conservative Research Department](http://en.wikipedia.org/wiki/Conservative_Research_Department) in the summer of 1975, a speaker had prepared a paper on why the "middle way" was the pragmatic path the Conservative Party should take, avoiding the extremes of left and right. Before he had finished, Thatcher "reached into her briefcase and took out a book. It was Friedrich von Hayek's *The Constitution of Liberty*. Interrupting our pragmatist, she held the book up for all of us to see. 'This', she said sternly, 'is what we believe', and banged Hayek down on the table".[[31]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-30)

In 1977 Hayek was critical of the [Lib-Lab pact](http://en.wikipedia.org/wiki/Lib-Lab_pact#1977), in which the British Liberal Party agreed to keep the British Labour government in office. Writing to *The Times*, Hayek said: "May one who has devoted a large part of his life to the study of the history and the principles of liberalism point out that a party that keeps a socialist government in power has lost all title to the name "Liberal". Certainly no liberal can in future vote "Liberal"."[[32]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-31) Hayek was criticised by Liberal politicians [Lord Gladwyn](http://en.wikipedia.org/wiki/Gladwyn_Jebb,_1st_Baron_Gladwyn) and [Andrew Phillips](http://en.wikipedia.org/wiki/Andrew_Phillips,_Baron_Phillips_of_Sudbury), who both claimed that the purpose of the pact was to discourage socialist legislation. Lord Gladwyn pointed out that the [German Free Democrats](http://en.wikipedia.org/wiki/Free_Democratic_Party_%28Germany%29) were in coalition with the [German Social Democrats](http://en.wikipedia.org/wiki/Social_Democratic_Party_of_Germany).[[33]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-32) Hayek was defended by Professor [Antony Flew](http://en.wikipedia.org/wiki/Antony_Flew) who stated that the German Social Democrats, unlike the British Labour Party, had since the late 1950s abandoned public ownership of the means of production, distribution and exchange and had instead embraced the [social market economy](http://en.wikipedia.org/wiki/Social_market_economy).[[34]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-33) In 1978 Hayek came into conflict with the Liberal Party leader [David Steel](http://en.wikipedia.org/wiki/David_Steel) who claimed that liberty was only possible with "social justice and an equitable distribution of wealth and power, which in turn require a degree of active government intervention" and that the Conservative Party were more concerned with the connection between liberty and private enterprise than between liberty and democracy. Hayek claimed that a limited democracy might be better than other forms of limited government at protecting liberty but that an unlimited democracy was worse than other forms of unlimited government because "its government loses the power even to do what it thinks right if any group on which its majority depends thinks otherwise". Hayek stated that if the Conservative leader had said "that free choice is to be exercised more in the market place than in the ballot box, she has merely uttered the truism that the first is indispensable for individual freedom while the second is not: free choice can at least exist under a dictatorship that can limit itself but not under the government of an unlimited democracy which cannot".[[35]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-34)

### [[edit](http://en.wikipedia.org/w/index.php?title=Friedrich_Hayek&action=edit&section=9)] Influence on central European politics

Ronald Reagan at his time listed Hayek as among the 2 or 3 people who most influenced his philosophy, and welcomed Hayek to the White House as a special guest.[[36]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-35) In the 1970s and 1980s the writings of Hayek were also a major influence on many of the leaders of the "velvet" revolution in Central Europe during the collapse of the old Soviet Empire. Here are some supporting examples:

Milton Friedman\* (Hoover Institution)

“There is no figure who had more of an influence, no person had more of an influence on the intellectuals behind the Iron Curtain than Friedrich Hayek. His books were translated and published by the underground and black market editions, read widely, and undoubtedly influenced the climate of opinion that ultimately brought about the collapse of the Soviet Union.”

Andrzej Walicki\* (History, Notre Dame)

“The most interesting among the courageous dissenters of the 1980s were the classical liberals, disciples of F. A. Hayek, from whom they had learned about the crucial importance of economic freedom and about the often-ignored conceptual difference between liberalism and democracy.”[[37]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-36)

Mart Laar (Prime Minister — Estonia)

U.S. Representative Dick Armey, “[Estonian Prime Minister] Mart Laar came to my office the other day to recount his country’s remarkable transformation. He described a nation of people who are harder-working, more virtuous — yes, more virtuous, because the market punishes immorality — and more hopeful about the future than they’ve ever been in their history. I asked Mr. Laar where his government got the idea for these reforms. Do you know what he replied? He said, ‘We read Milton Friedman and F. A. Hayek’.”[[38]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-37)

Vaclav Klaus (Prime Minister – Czech Republic)

“I was 25 years old and pursuing my doctorate in economics when I was allowed to spend six months of post-graduate studies in Naples, Italy. I read the Western economic textbooks and also the more general work of people like Hayek. By the time I returned to Czechoslovakia, I had an understanding of the principles of the market. In 1968, I was glad at the political liberalism of the Dubcek Prague Spring, but was very critical of the Third Way they pursued in economics.”[[39]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-38)

### [[edit](http://en.wikipedia.org/w/index.php?title=Friedrich_Hayek&action=edit&section=10)] Chile

Hayek visited Chile a handful of times in the 1970s and 1980s during the reign of dictator [Augusto Pinochet](http://en.wikipedia.org/wiki/Augusto_Pinochet). Asked about liberal, non-democratic rule by a Chilean interviewer, Hayek is translated from German to Spanish to English as having said: "Personally I prefer a liberal dictator to democratic government lacking liberalism. My personal impression — and this is valid for South America – is that in Chile, for example, we will witness a transition from a dictatorial government to a liberal government."[[40]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-39)[[41]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-40) Hayek, of course, had lived his early life under the mostly liberal, but mostly non-democratic rule of the Austro-Hungarian Emperor, and Hayek had seen democracy descend into illiberal tyranny in a host of Central and Eastern European countries. By 1989, Chile had largely fulfilled Hayek's prediction by transitioning to a largely free state and replacing Pinochet by popular vote.

Hayek's comments about Chile have drawn criticism from NYU historian Greg Grandin, who brings attention to a letter Hayek published in the *London Times* in which Hayek reported that he had 'not been able to find a single person in much-maligned Chile who did not agree that personal freedom was much greater under Pinochet than it had been under Allende.' "of course," writes Grandin, "the thousands executed and tens of thousands tortured by Pinochet's regime weren't talking."[[42]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-41) Hayek recommended liberal economic reforms similar to Chile's for the Keynesian economy in the United Kingdom to Prime Minister [Margaret Thatcher](http://en.wikipedia.org/wiki/Margaret_Thatcher).[[43]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-42)

### [[edit](http://en.wikipedia.org/w/index.php?title=Friedrich_Hayek&action=edit&section=11)] Recognition

In 1980, Hayek—who was not Catholic—was one of twelve Nobel laureates to meet with [Pope John Paul II](http://en.wikipedia.org/wiki/Pope_John_Paul_II), "to dialogue, discuss views in their fields, communicate regarding the relationship between [Catholicism](http://en.wikipedia.org/wiki/Catholicism) and science, and 'bring to the Pontiff's attention the problems which the Nobel Prize Winners, in their respective fields of study, consider to be the most urgent for contemporary man.'"[[44]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-43)

In 1984, he was appointed as a member of the [Order of the Companions of Honour](http://en.wikipedia.org/wiki/Order_of_the_Companions_of_Honour) (CH) by Queen [Elizabeth II of the United Kingdom](http://en.wikipedia.org/wiki/Elizabeth_II_of_the_United_Kingdom) on the advice of the British Prime Minister Margaret Thatcher for his "services to the study of economics". Hayek had hoped to receive a baronetcy, and after he was awarded the CH he sent a letter to his friends requesting that he be called the English version of Friedrich (Frederick) from now on. After his twenty-minute audience with the Queen, he was "absolutely besotted" with her according to his daughter-in-law, Esca Hayek. Hayek said a year later that he was "amazed by her. That ease and skill, as if she'd known me all my life". The audience with the Queen was followed by a dinner with family and friends at the [Institute of Economic Affairs](http://en.wikipedia.org/wiki/Institute_of_Economic_Affairs). When, later that evening, Hayek was dropped off at the [Reform Club](http://en.wikipedia.org/wiki/Reform_Club), he commented: "I've just had the happiest day of my life".[[45]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-44)

In 1991 President [George H. W. Bush](http://en.wikipedia.org/wiki/George_H._W._Bush) awarded Hayek the [Presidential Medal of Freedom](http://en.wikipedia.org/wiki/Presidential_Medal_of_Freedom), one of the two highest civilian awards in the United States, for a "lifetime of looking beyond the horizon". Hayek died in 1992 in Freiburg, Germany.

## [[edit](http://en.wikipedia.org/w/index.php?title=Friedrich_Hayek&action=edit&section=12)] Work

### [[edit](http://en.wikipedia.org/w/index.php?title=Friedrich_Hayek&action=edit&section=13)] The economic calculation problem

Main article: [Economic calculation problem](http://en.wikipedia.org/wiki/Economic_calculation_problem)

Hayek was one of the leading academic critics of [collectivism](http://en.wikipedia.org/wiki/Collectivism) in the 20th century. Hayek argued that all forms of collectivism (even those theoretically based on voluntary cooperation) could only be maintained by a central authority of some kind. In his popular book, [*The Road to Serfdom*](http://en.wikipedia.org/wiki/The_Road_to_Serfdom) (1944) and in subsequent works, Hayek argued that socialism required central economic planning and that such planning in turn leads towards [totalitarianism](http://en.wikipedia.org/wiki/Totalitarianism). Hayek posited that a central planning authority would have to be endowed with powers that would impact and ultimately control social life, because the knowledge required for central planning an economy is inherently decentralized, and would need to be brought under control.

Building on the earlier work of [Ludwig von Mises](http://en.wikipedia.org/wiki/Ludwig_von_Mises) and others, Hayek also argued that while in centrally planned economies an individual or a select group of individuals must determine the distribution of resources, these planners will never have enough information to carry out this allocation reliably. The efficient exchange and use of resources, Hayek claimed, can be maintained only through the [price](http://en.wikipedia.org/wiki/Price) mechanism in free markets (see [economic calculation problem](http://en.wikipedia.org/wiki/Economic_calculation_problem)). In [*The Use of Knowledge in Society*](http://en.wikipedia.org/wiki/The_Use_of_Knowledge_in_Society) (1945), Hayek argued that the price mechanism serves to share and synchronize local and personal knowledge, allowing society's members to achieve diverse, complicated ends through a principle of spontaneous [self-organization](http://en.wikipedia.org/wiki/Self-organization). He used the term [catallaxy](http://en.wikipedia.org/wiki/Catallaxy) to describe a "self-organizing system of voluntary co-operation."

In Hayek's view, the central role of the state should be to maintain the [rule of law](http://en.wikipedia.org/wiki/Rule_of_law), with as little arbitrary intervention as possible.

However, the complete picture is not black and white. Hayek did write that the state has a role to play in the economy, and specifically, in creating a "safety net." He wrote: "There is no reason why, in a society which has reached the general level of wealth ours has, the first kind of security should not be guaranteed to all without endangering general freedom; that is: some minimum of food, shelter and clothing, sufficient to preserve health. Nor is there any reason why the state should not help to organize a comprehensive system of social insurance in providing for those common hazards of life against which few can make adequate provision." [[46]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-45)

### [[edit](http://en.wikipedia.org/w/index.php?title=Friedrich_Hayek&action=edit&section=14)] Spontaneous order

Main article: [Spontaneous order](http://en.wikipedia.org/wiki/Spontaneous_order)

Hayek viewed the [free price system](http://en.wikipedia.org/wiki/Free_price_system), not as a conscious invention (that which is intentionally designed by man), but as spontaneous order, or what is referred to as "that which is the result of human action but not of human design". Thus, Hayek put the *price mechanism* on the same level as, for example, language.

Hayek attributed the birth of civilization to [private property](http://en.wikipedia.org/wiki/Private_property) in his book [*The Fatal Conceit*](http://en.wikipedia.org/wiki/The_Fatal_Conceit) (1988). He explained that [price signals](http://en.wikipedia.org/wiki/Price_signals) are the only means of enabling each economic decision maker to communicate [tacit knowledge](http://en.wikipedia.org/wiki/Tacit_knowledge) or [dispersed knowledge](http://en.wikipedia.org/wiki/Dispersed_knowledge) to each other, in order to solve the [economic calculation problem](http://en.wikipedia.org/wiki/Economic_calculation_problem).

### [[edit](http://en.wikipedia.org/w/index.php?title=Friedrich_Hayek&action=edit&section=15)] Investment and choice

Perhaps more fully than any other economist, Hayek investigated the [choice theory](http://en.wikipedia.org/wiki/Choice_theory) of investment. He examined the inter-relations between *non-permanent* production goods and "latent" or potentially economic *permanent* resources—building on the choice theoretical insight that, "processes that take more time will evidently not be adopted unless they yield a greater return than those that take less time."[[47]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-46) Hayek's work on the [microeconomics](http://en.wikipedia.org/wiki/Microeconomics) of the choice theoretics of investment, non-permanent goods, *potential* permanent resources, and *economically-adapted* permanent resources mark a central dividing point between his work in areas of [macroeconomics](http://en.wikipedia.org/wiki/Macroeconomics) and that of most all other economists. Hayek's work on the macroeconomic subjects of [central planning](http://en.wikipedia.org/wiki/Central_planning), trade cycle theory, the division of knowledge, and entrepreneurial adaptation especially, differ greatly from the opinions of macroeconomic "[Marshallian](http://en.wikipedia.org/wiki/Alfred_Marshall)" economists in the tradition of [John Maynard Keynes](http://en.wikipedia.org/wiki/John_Maynard_Keynes) and the microeconomic "[Walrasian](http://en.wikipedia.org/wiki/L%C3%A9on_Walras)" economists in the tradition of [Abba Lerner](http://en.wikipedia.org/wiki/Abba_Lerner).

### [[edit](http://en.wikipedia.org/w/index.php?title=Friedrich_Hayek&action=edit&section=16)] The business cycle

Main article: [Business cycle](http://en.wikipedia.org/wiki/Business_cycle)

[Capital](http://en.wikipedia.org/wiki/Capital_%28economics%29), money, and the [business cycle](http://en.wikipedia.org/wiki/Business_cycle) are prominent topics in Hayek's early contributions to economics. [Mises](http://en.wikipedia.org/wiki/Ludwig_von_Mises) had earlier explained monetary and banking theory in his [*Theory of Money and Credit*](http://en.wikipedia.org/wiki/Theory_of_Money_and_Credit) (1912), applying the [marginal utility](http://en.wikipedia.org/wiki/Marginal_utility) principle to the value of money and then proposing a new theory of industrial fluctuations based on the concepts of the [British Currency School](http://en.wikipedia.org/wiki/British_Currency_School) and the ideas of the Swedish economist [Knut Wicksell](http://en.wikipedia.org/wiki/Knut_Wicksell). Hayek used this body of work as a starting point for his own interpretation of the business cycle, which defended what later became known as the "[Austrian Theory of the Business Cycle](http://en.wikipedia.org/wiki/Austrian_Theory_of_the_Business_Cycle)". In his *Prices and Production* (1931) and *The Pure Theory of Capital* (1941), he explained the origin of the business cycle in terms of [central bank](http://en.wikipedia.org/wiki/Central_bank) [credit expansion](http://en.wikipedia.org/wiki/Credit_expansion) and its transmission over time in terms of capital misallocation caused by artificially low [interest rates](http://en.wikipedia.org/wiki/Interest_rate). Hayek claimed that: *The past instability of the market economy is the consequence of the exclusion of the most important regulator of the market mechanism, money, from itself being regulated by the market process.* In accordance with arguments outlined in his essay *The Use of Knowledge in Society*, he argued that a monopolistic governmental agency like a central bank can neither possess the relevant information which should govern supply of money, nor have the ability to use it correctly.[[48]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-47)

### [[edit](http://en.wikipedia.org/w/index.php?title=Friedrich_Hayek&action=edit&section=17)] Social and political philosophy

In the latter half of his career Hayek made a number of contributions to [social](http://en.wikipedia.org/wiki/Social_philosophy) and [political philosophy](http://en.wikipedia.org/wiki/Political_philosophy), which he based on his views on the limits of human knowledge,[[49]](http://en.wikipedia.org/wiki/Friedrich_Hayek" \l "cite_note-48) and the idea of *spontaneous order* in social institutions. He argues in favor of a society organized around a market order, in which the apparatus of state is employed almost (though not entirely) exclusively to enforce the legal order (consisting of abstract rules, and not particular commands) necessary for a market of free individuals to function. These ideas were informed by a moral philosophy derived from [epistemological](http://en.wikipedia.org/wiki/Epistemological) concerns regarding the inherent limits of human knowledge. Hayek argued that his ideal individualistic, free-market polity would be self-regulating to such a degree that it would be 'a society which does not depend for its functioning on our finding good men for running it'.[[50]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-49)

Hayek disapproved strongly of the notion of 'social justice'. He compared the market to a game in which 'there is no point in calling the outcome just or unjust'[[51]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-50) and argued that 'social justice is an empty phrase with no determinable content';[[52]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-hayek1948ch12-51) likewise 'the results of the individual's efforts are necessarily unpredictable, and the question as to whether the resulting distribution of incomes is just has no meaning.'[[53]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-52) He regarded any attempt by government to redistribute income or capital as an unacceptable intrusion upon individual freedom: 'the principle of distributive justice, once introduced, would not be fulfilled until the whole of society was organized in accordance with it. This would produce a kind of society which in all essential respects would be the opposite of a free society.[[52]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-hayek1948ch12-51)

With regard to a safety net, Hayek's statements are mixed. On the one hand, he was prepared to tolerate 'some provision for those threatened by the extremes of indigence or starvation, be it only in the interest of those who require protection against acts of desperation on the part of the needy.'[[54]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-53) On the other hand, as referenced above in the section on the "The economic calculation problem", Hayek wrote that "there is no reason why...the state should not help to organize a comprehensive system of social insurance."

In his [philosophy of science](http://en.wikipedia.org/wiki/Philosophy_of_science), which has much in common with that of his good friend [Karl Popper](http://en.wikipedia.org/wiki/Karl_Popper), Hayek was highly critical of what he termed [*scientism*](http://en.wikipedia.org/wiki/Scientism): a false understanding of the methods of science that has been mistakenly forced upon the social sciences, but that is contrary to the practices of genuine science. Usually scientism involves combining the philosophers' ancient demand for demonstrative justification with the associationists' false view that all scientific explanations are simple two-variable linear relationships. Hayek points out that much of science involves the explanation of complex multi-variable and non-linear phenomena, and that the social science of economics and undesigned order compares favourably with such complex sciences as Darwinian biology. These ideas were developed in *The Counter-Revolution of Science: Studies in the Abuse of Reason*, 1952 and in some of Hayek's later essays in the philosophy of science such as "Degrees of Explanation" and "The Theory of Complex Phenomena".

In *The Sensory Order: An Inquiry into the Foundations of Theoretical Psychology* (1952), Hayek independently developed a "[Hebbian learning](http://en.wikipedia.org/wiki/Hebbian_learning)" model of learning and memory – an idea which he first conceived in 1920, prior to his study of economics. Hayek's expansion of the "Hebbian synapse" construction into a global brain theory has received continued attention '[[55]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-54)[[56]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-55)[[57]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-56)[[58]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-57) in neuroscience, [cognitive science](http://en.wikipedia.org/wiki/Cognitive_science), computer science, behavioural science, and [evolutionary psychology](http://en.wikipedia.org/wiki/Evolutionary_psychology).

## [[edit](http://en.wikipedia.org/w/index.php?title=Friedrich_Hayek&action=edit&section=18)] Influence and recognition

Hayek's influence on the development of economics is widely acknowledged. Hayek is the second-most frequently cited economist (after [Kenneth Arrow](http://en.wikipedia.org/wiki/Kenneth_Arrow)) in the Nobel lectures of the prize winners in economics – particularly that his lecture was critical of the field of orthodox economics and neo-classical modelization. A number of [Nobel Laureates](http://en.wikipedia.org/wiki/Nobel_Laureates) in economics – such as [Vernon Smith](http://en.wikipedia.org/wiki/Vernon_L._Smith) and [Herbert Simon](http://en.wikipedia.org/wiki/Herbert_Simon) – recognize Hayek as the greatest economist of the modern period. Another Nobel winner, [Paul Samuelson](http://en.wikipedia.org/wiki/Paul_Samuelson) -- ignoring Hayek's actual influence on the development of the history of economic thought—believes that Hayek was worthy of his award but nevertheless claims that "there were good historical reasons for fading memories of Hayek within the mainstream last half of the twentieth century economist fraternity. In 1931, Hayek's *Prices and Production* had enjoyed an ultra-short Byronic success." Ironically, Samuelson spent the last 50 years of his life obsessed with the problems of capital theory identified by Hayek and Bohm-Bawerk, and Samuelson flatly judged Hayek to have been right and his own teacher [Joseph Schumpeter](http://en.wikipedia.org/wiki/Joseph_Schumpeter) to have been wrong on the central economic question of the 20th century—the feasibility of socialist economic planning in a production goods dominated economy.[[59]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-58)

Hayek is widely recognized for having introduced the time dimension to the equilibrium construction, and for his key role in helping inspire the fields of [growth theory](http://en.wikipedia.org/wiki/Growth_theory), [information economics](http://en.wikipedia.org/wiki/Information_economics), and the theory of [spontaneous order](http://en.wikipedia.org/wiki/Spontaneous_order). The "informal" economics presented in [Milton Friedman](http://en.wikipedia.org/wiki/Milton_Friedman)'s massively influential popular work [*Free to Choose*](http://en.wikipedia.org/wiki/Free_to_Choose) (1980), is explicitly Hayekian in its account of the price system as a system for transmitting and coordinating knowledge. This can be explained by the fact that Friedman taught Hayek's famous paper "The Use of Knowledge in Society" (1945) in his graduate seminars.

Harvard economist and former Harvard University President [Lawrence Summers](http://en.wikipedia.org/wiki/Lawrence_Summers) explains Hayek's place in modern economics this way : "What's the single most important thing to learn from an economics course today? What I tried to leave my students with is the view that the invisible hand is more powerful than the [un]hidden hand. Things will happen in well-organized efforts without direction, controls, plans. That's the consensus among economists. That's the Hayek legacy."[[60]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-59)

By 1947, Hayek was an organizer of the [Mont Pelerin Society](http://en.wikipedia.org/wiki/Mont_Pelerin_Society), a group of classical liberals who sought to oppose what they saw as socialism in various areas. He was also instrumental in the founding of the [Institute of Economic Affairs](http://en.wikipedia.org/wiki/Institute_of_Economic_Affairs), the free-market think tank that inspired [Thatcherism](http://en.wikipedia.org/wiki/Thatcherism).

Hayek had a long-standing and close friendship with philosopher of science [Karl Popper](http://en.wikipedia.org/wiki/Karl_Popper), also from [Vienna](http://en.wikipedia.org/wiki/Vienna). In a letter to Hayek in 1944, Popper stated, "I think I have learnt more from you than from any other living thinker, except perhaps [Alfred Tarski](http://en.wikipedia.org/wiki/Alfred_Tarski)." (See Hacohen, 2000). Popper dedicated his *Conjectures and Refutations* to Hayek. For his part, Hayek dedicated a collection of papers, *Studies in Philosophy, Politics, and Economics*, to Popper, and in 1982 said, "... ever since his *Logik der Forschung* first came out in 1934, I have been a complete adherent to his general theory of methodology."[[61]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-60) Popper also participated in the inaugural meeting of the Mont Pelerin Society. Their friendship and mutual admiration, however, do not change the fact that there are important differences between their ideas.[[62]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-61)

Hayek also played a central role in Milton Friedman's intellectual development: ”My interest in public policy and political philosophy was rather casual before I joined the faculty of the University of Chicago. Informal discussions with colleagues and friends stimulated a greater interest, which was reinforced by Friedrich Hayek’s powerful book The Road to Serfdom, by my attendance at the first meeting of the Mont Pelerin Society in 1947, and by discussions with Hayek after he joined the university faculty in 1950. In addition, Hayek attracted an exceptionally able group of students who were dedicated to a libertarian ideology. They started a student publication, The New Individualist Review, which was the outstanding libertarian journal of opinion for some years. I served as an adviser to the journal and published a number of articles in it...“ [[63]](http://en.wikipedia.org/wiki/Friedrich_Hayek" \l "cite_note-62)

Hayek's greatest intellectual debt was to [Carl Menger](http://en.wikipedia.org/wiki/Carl_Menger), who pioneered an approach to social explanation similar to that developed in Britain by [Bernard Mandeville](http://en.wikipedia.org/wiki/Bernard_Mandeville) and the Scottish moral philosophers (cf. [Scottish Enlightenment](http://en.wikipedia.org/wiki/Scottish_Enlightenment)). He had a wide-reaching influence on contemporary economics, politics, philosophy, sociology, psychology and anthropology. For example, Hayek's discussion in *The Road to Serfdom* (1944) about truth, falsehood and the use of language influenced some later opponents of [postmodernism](http://en.wikipedia.org/wiki/Postmodernism).[[64]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-63)

[1968 Summer Olympic fencing men's individual sabre gold medalist](http://en.wikipedia.org/wiki/Fencing_at_the_1968_Summer_Olympics) [Jerzy Pawłowski](http://en.wikipedia.org/wiki/Jerzy_Paw%C5%82owski) of [Poland](http://en.wikipedia.org/wiki/Poland_at_the_1968_Summer_Olympics) (1932–2005) wrote his master's degree [dissertation](http://en.wikipedia.org/wiki/Dissertation) on Hayek called "A Critique of Hayek's New Liberal Conception of Liberty and Law".[[65]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-64)

### [[edit](http://en.wikipedia.org/w/index.php?title=Friedrich_Hayek&action=edit&section=19)] Hayek and conservatism

Hayek received new attention in the 1980s and 1990s with the rise of conservative governments in the [United States](http://en.wikipedia.org/wiki/United_States), [United Kingdom](http://en.wikipedia.org/wiki/United_Kingdom), and [Canada](http://en.wikipedia.org/wiki/Canada). After winning the 1979 election, Margaret Thatcher appointed [Keith Joseph](http://en.wikipedia.org/wiki/Keith_Joseph), the director of the Hayekian [Centre for Policy Studies](http://en.wikipedia.org/wiki/Centre_for_Policy_Studies), as her secretary of state for industry in an effort to redirect parliament's economic strategies. Likewise, [David Stockman](http://en.wikipedia.org/wiki/David_Stockman), Ronald Reagan's most influential financial official in 1981 was an acknowledged follower of Hayek.[[66]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-65)

Hayek wrote an essay titled "Why I Am Not a Conservative"[[67]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-66) (included as an appendix to *The Constitution of Liberty*), in which he disparaged [conservatism](http://en.wikipedia.org/wiki/Conservatism) for its inability to adapt to changing human realities or to offer a positive political program. Although he noted that modern day conservatism shares many opinions on economics with classic liberals, particularly a belief in the free market, he believed it's because conservatism wants to "stand still," whereas [liberalism](http://en.wikipedia.org/wiki/Classical_liberalism) embraces the free market because it "wants to go somewhere." Hayek identified himself as a classical liberal, but noted that in the United States it had become almost impossible to use "liberal" in its original definition, and the term "[libertarian](http://en.wikipedia.org/wiki/Libertarianism)" has been used instead. However, for his part Hayek found this term "singularly unattractive" and offered the term "Old [Whig](http://en.wikipedia.org/wiki/British_Whig_Party)" (a phrase borrowed from [Edmund Burke](http://en.wikipedia.org/wiki/Edmund_Burke)) instead. In his later life he said: "I am becoming a Burkean Whig." However, Whiggery as a political doctrine had little affinity for classical political economy, the tabernacle of the Manchester School and William Gladstone.[[68]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-67)

A common term in much of the world for what Hayek espoused is "[neoliberalism](http://en.wikipedia.org/wiki/Neoliberalism)". British scholar [Samuel Brittan](http://en.wikipedia.org/wiki/Samuel_Brittan) concluded in 2010 that, "Hayek's book [*The Constitution of Liberty*] is still probably the most comprehensive statement of the underlying ideas of the moderate free market philosophy espoused by neoliberals."[[69]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-brittan-68) Brittan adds that although Plant (2009) comes out in the end against Hayek's doctrines, Plant gives *The Constitution of Liberty* a "more thorough and fair-minded analysis than it has received even from its professed adherents."[[69]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-brittan-68)

## [[edit](http://en.wikipedia.org/w/index.php?title=Friedrich_Hayek&action=edit&section=20)] Personal life

In August 1926, Hayek married Helen Berta Maria von Fritsch, a secretary at the civil service office where Hayek worked. They had two children together.[[70]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-69) Friedrich and Helen divorced in July 1950 and he married Helene Bitterlich[[71]](http://en.wikipedia.org/wiki/Friedrich_Hayek" \l "cite_note-70) just a few weeks later, moving to Arkansas in order to take advantage of permissive divorce laws.[[72]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-71)

## [[edit](http://en.wikipedia.org/w/index.php?title=Friedrich_Hayek&action=edit&section=21)] Legacy and honors

Even after his death, Hayek's intellectual presence is noticeable, especially in the universities where he had taught: the London School of Economics, the University of Chicago, and the University of Freiburg. A number of tributes have resulted, many posthumous.

* A student-run group at the LSE [Hayek Society](http://en.wikipedia.org/wiki/Hayek_Society), was established[*[when?](http://en.wikipedia.org/wiki/Wikipedia:Manual_of_Style_%28dates_and_numbers%29" \l "Chronological_items" \o "Wikipedia:Manual of Style (dates and numbers))*] in his honor.
* At [Oxford University](http://en.wikipedia.org/wiki/Oxford_University), the [Oxford Libertarian Society](http://en.wikipedia.org/w/index.php?title=Oxford_Libertarian_Society&action=edit&redlink=1) was previously known as the [Hayek Society](http://en.wikipedia.org/w/index.php?title=Oxford_Hayek_Society&action=edit&redlink=1).[[*citation needed*](http://en.wikipedia.org/wiki/Wikipedia:Citation_needed)]
* The [Cato Institute](http://en.wikipedia.org/wiki/Cato_Institute) named its lower level auditorium after Hayek, who had been a Distinguished Senior Fellow at Cato during his later years.
* Also, the auditorium of the school of economics in [Universidad Francisco Marroquín](http://en.wikipedia.org/wiki/Universidad_Francisco_Marroqu%C3%ADn) in [Guatemala](http://en.wikipedia.org/wiki/Guatemala) is named after him.
* The [Hayek Fund for Scholars](http://www.theihs.org/ContentDetails.aspx?id=516) of the [Institute for Humane Studies](http://en.wikipedia.org/wiki/Institute_for_Humane_Studies) provides financial awards for academic career activities of graduate students and untenured faculty members.
* The [Ludwig von Mises Institute](http://en.wikipedia.org/wiki/Ludwig_von_Mises_Institute) holds a lecture named after Hayek every year at its Austrian Scholars Conference and invites notable academics to speak about subjects relating to Hayek's contributions to the Austrian School.
* Hayek was awarded honorary degrees from [Rikkyo University](http://en.wikipedia.org/wiki/Rikkyo_University), [University of Vienna](http://en.wikipedia.org/wiki/University_of_Vienna), and [University of Salzburg](http://en.wikipedia.org/wiki/University_of_Salzburg).[[73]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-nobelcv-72)
* Hayek has an investment portfolio named after him. [The Hayek Fund](http://www.hayekfund.com) invests in corporations who financially support free market public policy organizations

Hayek's work on price theory has been central to the thinking of [Jimmy Wales](http://en.wikipedia.org/wiki/Jimmy_Wales) about how to manage the Wikipedia project.[[74]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-73)

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* [*The Fatal Conceit*](http://en.wikipedia.org/wiki/The_Fatal_Conceit)*: The Errors of Socialism*, 1988. (The content of the book was heavily influenced by [William Warren Bartley](http://en.wikipedia.org/wiki/William_Warren_Bartley))[[75]](http://en.wikipedia.org/wiki/Friedrich_Hayek#cite_note-74)

## [[edit](http://en.wikipedia.org/w/index.php?title=Friedrich_Hayek&action=edit&section=23)] See also

* [Connectionism](http://en.wikipedia.org/wiki/Connectionism)
* [Demarchy](http://en.wikipedia.org/wiki/Demarchy)
* [Dispersed knowledge](http://en.wikipedia.org/wiki/Dispersed_knowledge)
* [Liberalism in Austria](http://en.wikipedia.org/wiki/Liberalism_in_Austria)
* [Organised order](http://en.wikipedia.org/wiki/Organised_order)

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Profiles

* [Biography from the Ludwig von Mises Institute](http://www.mises.org/content/hayekbio.asp)
* [Official 1974 Nobel Prize page](http://nobelprize.org/economics/laureates/1974/)
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* [Hayek Bio at hayek.de](http://www.hayek.de/frames/biographie.html)
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