

The Persuasive Life

By Donald N. McCloskey

Hayek on Hayek, edited by Stephen Kresge and Leif Wener, Chicago: University of Chicago Press, 170 pages, \$27.50

THE SIMPLEST MARK OF A COMEDY IS a happy ending. In the late 1940s, as the notorious author of *The Road to Serfdom*, estranged in marriage, Friedrich Hayek did not view his life as a comedy. Yet it ended in 1992 on the whole happily. An anti-socialist born in Vienna in 1899 who saw socialism triumph on the left, right, and center, he flourished into his 90s, and through communism's collapse. An economic theorist regarded until 1945 as the equal of

Keynes, yet who five years later was spurned for an appointment in economics at the University of Chicago, he lived to get a Nobel Prize in the subject and to see his ideas again taken seriously. It's a sweet story, and a painless way to begin reading Hayek.

Stephen Kresge is the general editor of *The Collected Works of Hayek*, being published by the University of Chicago Press in 19 volumes, of which this book is a supplement. Its two sources are autobio-

Friedrich Hayek: Out of step with the erotic fascism of prediction and control

graphical notes by Hayek himself and numerous interviews, some published (one by Thomas Hazlett in *REASON* in July 1992, shortly after Hayek's death). Though Kresge and Wener have worked diligently at the weaving, the result has disproportions. The index of persons, a good idea, is uneven and inaccurate. The long and chatty introduction by Kresge is worshipful. Hayek said thus and such, and "Einstein has said much the same thing." The portraits include one of our hero's great-great grandfathers. Altogether it's an unsteady book.

Yet it's the best route to Hayek I know, much better than Hayek himself. Reading the great man can be a trial. Hayek said the introduction and the first couple of chapters of *The Road to Serfdom* were the best writing he did, as writing. Here is the opening sentence of the introduction: "Contemporary events differ from history in that we do not know the results they will produce." The concluding sentence: "It was the prevalence of socialist views and not Prussianism that Germany had in common with Italy and Russia—and it was from the masses and not from the classes steeped in the Prussian tradition, and favored by it, that National Socialism arose." The prose of his academic books in not up to this standard.

Hayek himself explained why he was

such a poor writer. Some people, unlike him, "are able to restate chains of reasoning that they have once learnt," and they are the good writers—the Keyneses and Schumpeters of this world. He, on the other hand, "had painfully to work them out anew almost every time."

Further, Hayek's kind of working out did not lend itself to storytelling. He was a seeker after patterns, metaphors, timeless structures. Not a page of Keynes or Schumpeter lacks a story. It's hard to find one in Hayek's books. Aside from the story of socialism's rise, expressed abstractly, Hayek had no tales to tell. He made even evolution sound boring.

APPROACHING HIS THOUGHT THROUGH THE story of his life, then, is a better idea. For example, Hayek said that he would have become, like his father, a biologist but for the timing of World War I. As an Austrian officer on the Italian front he "served in a battle in which eleven different languages were spoken. It's bound to draw your attention to the problems of political organization." He was not a superb student at university, being too undisciplined and slow. Contrast again Keynes and Schumpeter, who remind one of Thomas Mann's description of the brightest high-school boys in Germany: "small, ambitious lads, far ahead of their age, who were brilliant in subjects that could be got by heart."

Hayek's thinking by his own account often came from his slow-witted attention to the very words: "in that process I often discovered the flaws or inadequacies of the generally held views." He attributed one of his main ideas to reflection on the redundancy in the economist's phrase, "given data" (as in "assume a given can-opener"), a subject of merriment around the London School of Economics. "That led me, in part, to ask to whom were the data really given. To us, it was of course to nobody.... That's what led me, in the thirties, to the idea that the whole problem was the utilization of information dispersed among thousands of people and not possessed by anyone."

The fulcrum of the Hayek *bildungs-*

roman is the triumph and disaster of *The Road to Serfdom*, published in Britain in 1944. Suddenly famous in the United States on the strength of a skillful condensation in *Reader's Digest*, Hayek was surprised to be rushed off on a book tour, speaking to thousands. He notes, "I discredited myself with most of my fellow economists by writing *The Road to Serfdom*, which is disliked so much." That the book alienated so many economists, especially in the United States, shows how optimistic the average egghead was about socialism at the time and how cross when his optimism was questioned. Much looser books by socialists such as R. H. Tawney—an egregious book on China in 1932, for example—were taken seriously as scholarship.

Hayek wrote the book when there were 12 democracies left in the world, and prophets like Anne Morrow Lindbergh were saying that totalitarianism, after all, had some good points and was anyway the wave of the future. From the other side, in 1945 Charles Merriam and Maynard Krueger at the University of Chicago argued optimistically with Hayek that "the political process" would overcome socialism's flaws. It's how we thought in that bright dawn before Vietnam, urban renewal, the war on drugs, and Clinton's demand-side health reform. Greater fools we.

AFELLOW AUSTRIAN SHOWS UP HAYEK'S isolation. Joseph Schumpeter's book of 1942, *Socialism, Capitalism, Democracy*, did not admire socialism, but it did not argue against its rise. The book became fashionable with statisticians like Merriam and Krueger. Schumpeter was a rhetorical fatalist. Hayek notes that, like many modernists, "Schumpeter had, in the last resort, really no belief in the power of argument. He took it for granted that the state of affairs forces people to think in a particular manner.... Schumpeter's attitude was one of complete despair and disillusionment over the power of reason."

Schumpeter had written in 1942, "The case for capitalism... could never be made

simple. People at large would have to be possessed of an insight and a power of analysis which are altogether beyond them. Why, practically every nonsense that has ever been said about capitalism has been championed by a professional economist." So he surrendered to fate—unlike Hayek, who argued and argued and argued with the socialists about economic histories and economic futures.

Like an early 19th-century liberal, Hayek believed throughout in the power of argument—as does, say, Milton Friedman. The pessimists about argument like Schumpeter and George Stigler look clever at the time, men of the world not fooled by mere words, but in the long run they join the greater fools. In *A History of Economic Analysis*, on which he was working when he died, Schumpeter put the clever, unargued case this way: "We may, indeed, prefer the world of modern dictatorial socialism to the world of Adam Smith, or vice versa, but any such preference comes within the same category of subjective evaluation as does, to plagiarize Sombart, a man's preference for blondes over brunettes." Finely put; so much cleverer than Hayek's leaden prose (Stigler was a better writer than Friedman, too). But in the long run it is fool's talk. Words matter.

HAYEK'S OPTIMISM DID NOT EXTEND TO scientific method. Unlike Friedman, he did not swallow the modernism of "prediction" as the master virtue in science—perhaps because of his training in biology, which is a pattern-finding discipline. Hayek's ideas were impossibility theorems. He said it is impossible to predict more than pattern in social life. It is impossible to plan production for an entire country. It is impossible to be a socialist and remain a democrat.

"This is, incidentally," he remarked, "a reason why my views have become unpopular." People want predictions—of the coming Great Depression of 1990 (I bought Ravi Batra's book the other day for \$5.99) or the coming greenhouse catastrophe of 2010—not denials that prediction and control are possible. Friedman

and many other economists this century have fallen under the modernist spell, articulated, for example, by Wesley Clair Mitchell in 1924: "In economics as in other sciences we desire knowledge mainly as an instrument of control. Control means the alluring possibility of shaping the evolution of economic life to fit the developing purposes of the race."

More than any economist, Hayek was out of step with such erotic fascism of prediction and control. In another way that left him out of step, Hayek disagreed with

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his predecessor as doyen of the Austrian School, Ludwig von Mises. Hayek gradually realized that he had more in common with the Scottish enlightenment than with the French, and that Jeremy Bentham was the French element in British thought. "I believe I can now...explain why...[the] masterly critique by Mises of socialism has not really been effective. Because Mises remained in the end himself a rationalist-utilitarian, and with a rationalist-utilitarianism, the rejection of socialism is irreconcilable....If we remain strictly rationalists, utilitarians, that implies we can arrange everything according to our pleasure....In one place he says we can't do it, another place he argues, being rational people, we must try to do it."

It's what's wrong with much of modern economic thought, this utilitarian rationalism—in Stigler's political economy as against Friedman's, or in Richard Pos-

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ner's law and economy as against Ronald Coase's. The philosophers and literary people call it the "aporia [contradiction, indecision] of the Enlightenment project," which is to say the contradiction, most plain in France, between freedom and rationality. Hayek was two centuries behind the times, a resident of Edinburgh rather than Paris, an exponent of bourgeois virtue rather than of a new aristocracy of experts. By the end of the 20th century,

though, he is old-fashioned enough to be postmodern. You read it here: Hayek has more in common with Jacques Derrida than with Bentham and Comte and Russell. **R**

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