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The Pilgrimage to Liberty

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almost as wide as the economic problem. I have suggested as a separate subject for discussion merely one aspect of this wide field, the relation between historiography and political education, but it is an aspect which soon leads us to the wider problem. I am very glad that Miss Wedgwood and Professor Antoni have consented to open the discussion on this question".²

Hayek used his historical perspective to look at the future of Classical Liberalism. Later in this essay, the importance of history for a Hayekian research program, and its relation to the Hayekian knowledge analysis, will be presented. From the history of Classical Liberal responses to earlier crises, Hayek drew confidence that Classical Liberalism could survive the second world war and the march of Communism. He believed that Classical Liberalism could play an important role in the re-emergence of the German liberal tradition to play its part in the defense against Marxism.

The chapters of Hayek's *The Counter-Revolution of Science* appeared in the journal, *Economica* (1941-44), along with a chapter of Eli Halevy's *The Era of Tyrannies*. There Hayek dealt with the retreat of liberalism in France and he hoped to expand that to deal with Germany, England and America but did not. The consequent decay of reason under totalitarianism was "initially presented in popular form in my book *The Road to Serfdom*." After those works, Hayek abandoned his projected history of modern social thought, and looked to more theoretical presentations of his ideas: *The Constitution of Liberty*; and *Law, Legislation and Liberty*. Hayek said *The Road to Serfdom* led to *The Constitution of Liberty* (1960) and *Law, Legislation and Liberty* (1973-76):

"But though I tried hard to get back to economics proper, I could not free myself of the feeling that the problems on which I had so undesignedly embarked were more challenging and important than those of economic theory, and that much that I had said in my first sketch needed clarification and elaboration".³

The American edition of *The Road to Serfdom* has been the University of Chicago Press's best selling book. Dr. Fritz Machlup, who had been a fellow member with Hayek of Ludwig von Mises' Vienna Seminar, presented the English page proofs to Professor Aaron Director (later professor of economics in Chicago's law school, and brother of Rose Director Friedman). Aaron Director shared the page proofs with his economics colleague, Frank Knight, who recommended Hayek's book to the University of Chicago Press.

The first Chicago printing with the introduction of the well-known New York editor, John Chamberlain, was 2,000 copies (September, 1944). Following the review by the *New York Times*' economics editor, Henry Hazlitt's front page review in the Sunday *New York Times Book Review*, Chicago ordered a second printing of 5,000 copies, and on September 27 ordered a third printing of 5,000 copies,

² Hayek-1967, p. 154.

³ Hayek-1976, Preface, p. xxii.

Based on De Tocqueville, Lord Acton and Hilaire Belloc's *The Servile State*, Hayek sees the abandonment of the principles of "the whole evolution of Western civilization:" socialism rapidly abandons "the salient characteristics of Western civilization as it has grown from the foundations laid by Christianity and the Greeks and Romans. ...the basic individualism inherited by us from Erasmus and Montaigne, from Cicero and Tacitus, Pericles and Thucydides, is progressively relinquished".⁷

Individualism vs. Collectivism is the central theme for Hayek beginning with *The Road to Serfdom*. Hayek reflected an historical analysis of individualism. Individualism for Hayek is the mainstream of Western Civilization. Liberal scholars who were not Christians viewed Western Christianity as the major contributor to the development of individualism. He was amazed Herbert Butterfield did not see the direct connection between tradition and liberty which is at the heart of institutional individualism. Hayek said:

"Far from assuming that those who created the institutions were wiser than we are, the evolutionary view is based on the insight that the result of the experimentation of many generations may embody more experience than any one man possesses".⁸

Hayek adds:

"To the empiricist evolutionary tradition, on the other hand, the value of freedom consists mainly in the opportunity it provides for the growth of the undesigned, and the beneficial functioning of a free society rests largely on the existence of such freely grown institutions. There probably never has existed a genuine belief in freedom, and there has certainly been no successful attempt to operate a free society, without a genuine reverence for grown institutions, for customs and habits and 'all those securities of liberty which arise from regulation of long prescription and ancient ways' (William Gladstone). Paradoxical as it may appear, it is probably true that a successful free society will always in a large measure be a tradition-bound society. Even Professor H. Butterfield, who understands this better than most people, finds it 'one of the paradoxes of history' that 'the name of England has come to be so closely associated with liberty on the one hand and tradition on the other hand'".⁹

Hayek identifies individualism with the Western Tradition beginning with Aristotle, Pericles, Thucydides, the Stoics, Cicero, Tacitus, Aquinas, Erasmus, Montaigne, the School of Salamanca, Hooker, Grotius, Milton, and Locke. Hayek notes the important influence of Thomas Aquinas on the great Anglican theologian, Richard Hooker, who was a major source of John Locke's thinking. John Locke and Francis Hutcheson provided refutations of the anti-individualist

⁷ Hayek-1944, p. 17.

⁸ Hayek-1960, p. 62.

⁹ Butterfield-1962, p. 21, Hayek-1960, pp. 61, 435.

Especially note Hayek's attack on relativism "which denies any moral standards except those of success and non-success." Hayek concluded this statement that these "are all different facets of a problem as important and almost as wide as the economic problems." Also, note that Hayek's analysis was presented years before he arrived in the atmosphere of moral philosophy at the Committee on Social Thought. The next paragraph of Hayek's opening address to the Mont Pelerin Society recalls that many persons who shared the values of individual freedom "were repelled by the aggressive rationalism which would recognize no values except those whose utility (for an ultimate purpose never disclosed) could be demonstrated by individual reason, and which presumed that science was competent to tell us not only what is but also what ought to be." For Hayek, the major enemies of Liberalism were Positivism and Hegelianism which were the opposites of "the essence of the true liberalism that regards with reverence those spontaneous social forces through which the individual creates things greater than he knows." Hayek adds:

"It is this intolerant and fierce rationalism which is mainly responsible for the gulf which, particularly on the Continent, has often driven religious people from the liberal movement into reactionary camps in which they felt little at home. I am convinced that unless this breach between true liberal and religious convictions can be healed there is no hope for a revival of liberal forces. There are many signs in Europe that such a reconciliation is today nearer than it has been for a long time, and that many people see in it the one hope of preserving the ideals of Western civilization. It was for this reason that I was specially anxious that the subject of the relation between Liberalism and Christianity should be made one of the separate topics of our discussion; and although we cannot hope to get far in exploring this topic in a single meeting, it seems to me essential that we should explicitly face the problem".¹¹

Hayek noted that some philosophers associated individualism with egotism and with selfishness: "But the individualism of which we speak in contrast to socialism and all other forms of collectivism has no necessary connection with these." He adds:

"But the essential features of that individualism which, from elements provided by Christianity and the philosophy of classical antiquity, was first fully developed during the Renaissance and has since grown and spread into what we know as Western civilization — are the respect for the individual man *qua* man, that is, the recognition of his own views and tastes as supreme in his own sphere, however narrowly that may be circumscribed, and the belief that it is desirable that men should develop their own individual gifts and talents".¹²

¹¹ Hayek-1967, p. 155.

¹² Hayek-1944, p. 17.

Tocqueville and Taine demonstrated that the centralization of the state had asphyxiated institutional individualism. They showed that the French Revolution had not destroyed the absolute state, but instead exchanged the state's officials. Worse, the French Revolution increased the centralization of the state, and did not enhance liberty. Institutional individualism was discouraged and impeded by the centralized state.

Norman P. Barry's work on Hayek's evolutionary tradition and spontaneous order provides us with an extension of Barry's already immense contribution to Hayek scholarship.¹⁵

In his 1993 Nobel Prize in Economic Sciences address, Douglass North emphasizes that his selection for the Nobel Prize was due to his focus of attention on institutions and time. It is the application of historical science (time) to institutions which will provide us with answers to some of the most difficult problems which we face. Hayek had seen the task of social sciences to explain social order:

"unpredictability in social and economic affairs should not blind us to the fact that observable orders maintain themselves through time and to some extent reproduce their salient features with some degree of predictability".¹⁶

There is a practical distinction between the respective methodologies of the social sciences concerned with the human action of individual choices and the physical sciences concerned with physical phenomena. Hayek has sought to highlight the great gulf between the incredible increases in the physical sciences and the limited growth of knowledge in regard to the humane sciences.

Hayek has caused us to place at the center of our thinking the question of knowledge. He has emphasized the importance of recognizing the central role of ignorance. This places us, along with Hayek, in the eighteenth century, and Immanuel Kant's attempt to provide a basis for epistemology in the philosophical world created by David Hume.

Ludwig von Mises similarly was concerned with these issues as expressed in *Epistemological Problems of Economics* (German, 1933; English, 1960), and *The Ultimate Foundations of Economic Science* (1962). In particular, focusing on the importance of historical studies to explicate Hayek's evolutionary conceptualization, one must emphasize Ludwig von Mises' *Human Action*¹⁷ and most especially, Mises' *Theory and History; An Interpretation of Social and Economic Evolution*.¹⁸ Fritz Machlup paralleled Mises concern about knowledge. We may conclude that Mises' continued in the direction of Kant to provide an answer to Hume. Hayek seemed more inclined to continue David Hume's cautions regarding human knowledge.

¹⁵ Cf. Barry-1979; Barry-1982; Barry-1994, and O'Brien-1994; Kukathas-1989; Sowell-1980; and Shenoy-1989.

¹⁶ Hayek-1978a.

¹⁷ Mises-1949.

¹⁸ Mises-1957.

States, empty places had acquired a million inhabitants in a half century, Chicago for example.

These populations had moved from the country-side, either from American farms, or from rural areas of Ireland, Sicily, Hungary, Poland, Sweden, Ukraine. Their response to urbanization whether from Cork or Lancaster, from New England or Galacia, was the same as migrants to cities in the eleventh and twelfth centuries. They gained the advantages of the money economy in place of the barter economy, and they replaced the security of land tenure with a variety of associations whose practical consequence was the provision of insurance — for health, death, unemployment. David Green's (Institute of Economic Affairs) studies for England and Australia, and David Beito's (Institute for Humane Studies and now at the University of Alabama) studies for America have detailed the numerous associations which provided insurance. The professional and white collar employees utilized the more recognized major insurance companies whose capital reserves made possible further investment industry and expansion of urbanization, as well as farm improvements permitting further movement from agriculture into industry. Fraternal voluntary associations in industrialized England and America (described by David Green and by David Beito) performed economic and social functions of rural societies. But, they were similar to urban voluntary associations of the pre-industrial era. They provided risk averting insurance, and social functions. Early twentieth century evidence shows that American Blacks, both in the North and South, had the best records for punctual payment of their association's insurance premium payments. In all the groups, local officers monitored the illness or job-searching by members by fraternal visits. This voluntary social role was destroyed by the government compulsory insurance systems.

The small number of least capable were covered by private charity or local, county welfare. But, to include the least fortunate to pretend they had the foresight, etc., of the vast majority of the populations, government insurance schemes were set-up. For these tribalist, egalitarian reasons — to pretend the least capable were not less capable — the majority of the population were placed backwards to replace modern, voluntary societies with the pre-capitalist, compulsory government programs. The 20th century compulsory government programs are similar to replacing modern, private road construction companies with the corvee as abolished by the Great Turgot.

Are fraternal, voluntary associations "communal, pre-individualistic?" Is a bureaucratic government retirement or health ministry "modern, industrial, and individualistic?" Hayek's emphasis on tradition helps us to see the falseness of that kind of conceptual division. Hayek would say that there are atavistic, dangerous residues of the human past — the tribal mentality — expressing itself through the ministry of health. It is the new bureaucracy of the health ministry which is atavistic, and the old-fashioned fraternal health insurance which is modern and individualistic. It is the backwardness of the government intervention which has the power to crush the modernity of the intimate voluntary associations.²⁴

²⁴ Cf. Hayek-1978b, pp. 57-68.

Germany, England and America. But, he did not continue. Instead, the consequent decay of reason was presented in *The Road to Serfdom*. Drawing on Alexis de Tocqueville, Lord Acton and Hilaire Belloc's *The Servile State*³⁰ Hayek described the growth of statism as a sharp break from the "whole evolution of Western civilization" which was rapidly abandoning "the salient characteristics of Western civilization as it has grown from the foundations laid by Christianity and the Greeks and Romans".³¹

The institutional individualism analyzed by Hayek was an historical record. Christian and ancient philosophy were the foundations of Hayek's individualism. Hayek sought successfully to engage that subject in *The Constitution of Liberty*. Hayek's early 1940s endeavor to write a history of European individualism received some fulfillment in *The Constitution of Liberty*. We might note the authors most frequently cited by Hayek: Lord Acton, Edmund Burke, Adam Smith, David Hume, A. V. Dicey, John Stuart Mill, Ludwig von Mises. Also, Hayek gave attention to the French individualist writers: Benjamin Constant, Fustel de Coulanges, Montesquieu, Tocqueville, the Great Turgot, and Gabriel Tarde.³²

Hayek's impressive reading in constitutional thought is reflected in the footnotes to Chapter 11 of *The Constitution of Liberty*, "The Origins of the Rule of Law," pp. 456-469. There he indicates the importance of the contribution of Thomas Aquinas to Liberal thought. Hayek notes the valuable research in Sir R. W. and A. J. Carlyle, *A History of Medieval Political Theory*.³³ *Law, Legislation and Liberty* (3 vols.) shows that the added stimulation of Bruno Leoni's *Freedom and the Law*³⁴ caused Hayek to demonstrate his mastery of constitutional thought.³⁵

Hayek found in his study of constitutionalism the inter-section of political ideas and social institutions. Thus, he concludes *The Constitution of Liberty* by agreeing with Lord Acton that "the notion of a higher law above municipal codes, with which Whiggism began, is the supreme achievement of Englishmen and their bequest to the nation" and, we may add, to the world. It is the doctrine which is at the basis of the common tradition of the Anglo-Saxon countries. It is the doctrine from which Continental liberalism took what is valuable in it. It is the doctrine on which the American system of government is based."³⁶

Hayek shared his interest in Lord Acton's emphasis on medieval constitutionalism with Hayek's sometime colleague at Cambridge University, and Lord Acton's later successor in the Regis Professorship of Modern History at

³⁰ Belloc-1913/1980.

³¹ Hayek-1944, p. 17.

³² Gabriel Tarde was a Professor in the College de France and Member of the Institute; his work on imitation (Tarde-1903) and his general sociology need to be re-discovered by Liberals (Tarde-1999).

³³ Carlyle-1903.

³⁴ Leoni-1962.

³⁵ Liggio-1994. Regarding the legal historians of the common law which is central to Hayek's and Leoni's jurisprudence, see Cosgrove-1987.

³⁶ Hayek-1960, p. 409 (drawing on Lord Acton, *Lectures on Modern History* (London, 1906) p. 218). For American constitutional thought, Hayek draws heavily from the leading authority, Edwin S. Corwin (1878-1963) (Princeton University), in particular, Corwin-1929 and Corwin-1948.

The apparent paradox, however, stems from modern misconceptions about the source of economic growth. ...

Societies do not make the necessary investments in technology and human capital because the institutional and organizational structure does not provide incentives to do so. Failures of human organization underlie not only economic backwardness, but social, intellectual and political backwardness as well. In going back a millennium to search for the roots of modern economic growth, we must look to the institutional frameworks and to the intellectual context from which sprang the belief systems and consequent perceptions that guided human actions. ...

The proper focus, however, should be not on specific norms but on the learning process by which a particular belief structure — in this case derived from religion — evolves. The learning process is a function of 1) the way in which the belief structure filters the information derived from experience, and 2) the different experiences (local learning) that confront individuals in different societies, at different times."⁴¹

North sees Christianity's limitation on state power, and the persistence of polycentric political systems, as central to the development of capitalism.⁴²

Max Hartwell's presidency of the Mont Pelerin Society (1992-94) and Douglass North's award of the Nobel Prize in Economic Science should encourage us to carry forward F. A. Hayek's encouragement of a historical research program. The recent and future historical research will provide a picture of the process of spontaneous order and of evolution which was behind Hayek's thinking. Norman Barry's significant questions regarding these important aspects of Hayek's contribution may receive some answers from this direction of study.

⁴¹ North-1993, pp. 23-24.

⁴² Baechler-1976; Hoover-1948; Jones-1981; Rosenberg/Birdzell-1986; and Berman-1983 have provided a clear beginning for a classical liberal historical research program. Cf. Ligio-1999, pp. 63-82; and Milgrom/North/Weingast-1998.

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