Dead End on *The Road to Serfdom*? On Hayek's Reception Post-World War II

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Abstract

I examine the paradox surrounding Friedrich Hayek's dismissal from the academy following the publication of the *Road to Serfdom* in 1944. While Hayek had been viewed as a serious economist in the inter-war period, he was discredited by his peers in the immediate post-war period in spite of arguing in an entirely consistent manner with his earlier writings. Highlighting the reactions to Hayek's book first, I then survey the state of the debate and argue that attempts to explain Hayek's dismissal—namely through divergent beliefs on the divisibility of political and economic liberties, on the one hand, and epistemological questions, on the other—overlook key points. I argue that main reasons for his dismissal include, first, differing views on the role of majoritarian democracy and, second, non-ideological and non-political commitments by the dominant philosophical paradigm of logical positivism.

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When the publishing house Routledge published Friedrich Hayek's *The Road to Serfdom* (*RTS*) in 1944, the responses to his work were hardly what its author had anticipated. The reception of his work—whose intention was to serve as a warning of the dangers of socialism—both by the general public and by the academic

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community at large surprised its author. The book, written by academic for his peers, generated significant popular interest. *The New York Times* editorial writer Henry Hazlitt called *RTS* "one of the most important books of our generation" (1944), and Hayek's work sparked so much interest that a book tour was organized to further promote it. In the academic world, on the other hand, reviews were mixed. Hayek had indeed hoped that the ideas he proposed in *RTS* would be subject to academic scrutiny and would generate healthy debate. Engagement with or acceptance of his work did not set in as he expected, however. Reflecting on the conditions surrounding the publication of *RTS* decades later, Hayek remarked:

"Thirty years ago, there were two—it may sound curious myself saying this—but I believe about 1946, when Keynes died, Keynes and I were the best-known economists. Then two things happened: Keynes died and was raised to sainthood and I discredited myself by publishing *The Road to Serfdom*. And that changed the situation completely. And for the following thirty years, it was only Keynes who counted and I was gradually almost forgotten" (Hayek 1978).

That he would not be taken seriously by his peers in the succeeding decades—his "shunning" from the academy (Hayek 1994, p.21)—is puzzling because the content of *RTS* was remarkably similar—if not identical—to much of what he had published previously.[1] How this paradox—why Hayek was accepted as a legitimate scholar up

[1] The developments in the aftermath of the publication further reveal the non-acceptance of *RTS* in the academy. When Hayek left the London School of Economics and joined the faculty at the University of Chicago in 1950, he was not offered a position in the economics department, taking up a position at the Committee on Social Thought instead. The reasons surrounding this development are somewhat speculative, but one line of argument suggests

to World War II, but then rejected in the period following World War II in spite of the consistency of his arguments—can be explained is the central focus of this essay.

In what follows, I address this paradox, first, by highlighting the reception of *RTS*. Second, I demonstrate the links between *RTS* and much of Hayek's earlier work, constituting the paradox in the first place. Third, I present the previous explanatory attempts as how to deal with this paradox in the work of Theodore Rosenof, who focuses on the separation of economic and political liberties, and Richard Samuelson, who posits the important role of pragmatism and historicism as a feature distinguishing Hayek and his critics. Fourth, I argue that differences among Hayek and his peers regarding the relative virtue of majoritarian democracy, on the one hand, as well as changes in the academy in relation the role of ideology in science, on the other, made Hayek's peers non-receptive to the arguments he posits in *RTS*. Finally, I borrow from Joseph Schumpeter's vision of science and ideology existing concurrently, suggesting that Hayek's approach is compatible with this methodological perspective.

1. Criticisms Directed Against *The Road to Serfdom*

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that the reception of *RTS* played a pivotal role (see Caldwell 2004, p. 297, footnote 10). Hayek himself shed light into his thinking at the time, noting that "I didn't want to give offense again. I wanted to be accepted in the scientific community," adding that at this time "some of my more leftish acquaintances…gave me to understand that in their opinion I had ceased to be a scientist and had become a propagandist" (Hayek 1994, p. 152; p. 125).

Hayek's work was not particularly well-received within the academy at large, and the most common engagement with his work took the form of comparatively short book reviews.[2] Four dominant criticisms emerged against *RTS* following its publication. First, critics suggested that Hayek's book was written only in a negative tone without positing specific alternatives regarding the type of economic system he envisioned for a liberal economic system. In fact, these criticisms emerged even before *RTS* was published and even by those who viewed Hayek's politics favorably, such as Frank Knight, who commented regretfully that a positive political program was missing (2007 [1943], p. 250). Indeed, Joseph Schumpeter provides an even more damning response on the question of Hayek's positive political program. What at first appears as a defense of Hayek's solely negative tone quickly transforms into an argument against the possibility of a liberal economic system of which Hayek would approve. He writes that while "[i]t is the right and duty of oppositions to criticize, it is not their business to frame policies…[However, far more seriously,] no politically effective program *could* be presented from that standpoint in the event that its sponsor moved into power" (1946, pp. 269-270, emphasis in original). Schumpeter's remark is not geared at the *logical* (im)possibility of a truly liberal economic order, but rather at the *practical* impossibility of its implementation. A liberal economic order would likely not

[2] *RTS* polarized from the very beginning. Aside from the negative reviews to be presented in the following, some of the most prominent positive reviews included (Knight 2007 [1943], p. 249; Keynes 1980 [1944], p. 385; Marschak 2007 [1943], p. 251). Two notable exceptions regarding the assertion that his work was not engaged in depth exist in the book rejoinders by Barbara Wooton (1945) and Herman Finer (1946 [1945]).

appeal to electorates in the short run—and therefore face popular opposition—especially as it would have to allow significant individual insecurity. Schumpeter suggests that voters' time horizons are too narrow to enact democratically a type of economic system of which Hayek would approve.

Keynes also criticized Hayek's lack of a positive political program, and—especially considering Hayek's opposition to laissez-faire policies and his insistence on government fulfilling certain tasks—raised a further criticism. Since government must at times act, the question ultimately comes to center around the

> "question of knowing where to draw the line. You agree that the line has to be drawn somewhere, and that the logical extreme is not possible. But you give us no guidance whatever as to where to draw it. In a sense this is shirking the practical issue…[Y]ou greatly underestimate the practicability of the middle course. But as soon as you admit that the extreme is not possible, and that a line has to be drawn, you are, on your own argument, done for, since you are trying to persuade us that as one moves an inch in the planned direction you are necessarily launched on the slippery part which will lead you in due course over the precipice" (Keynes 1980 [1944], pp. 386-387).[3]

This argument Keynes spells out against Hayek's strict institutional dichotomy was not a new criticism in 1944; in fact, "a middle way"—i.e. a form of market socialism—had been proposed years earlier during the Socialist Calculation Debate in which Hayek

[3] This criticism of Hayek is not universally accepted. See for example Gregory Christainsen, who calls Keynes' assessment "a serious mischaracterization of *The Road to Serfdom*," suggesting that Hayek does, in fact, offer guidance as to "where to draw the line" (1993, pp. 51-52).

had himself participated.[4] Thus, the renewed argument for a middle way should not be surprising. Not only did critics view a "middle way" as economically and politically feasible, but they also accused Hayek of an eristic argument by constructing a false dichotomy in juxtaposing a strictly socialist economic order with a strictly liberal equivalent (see Guillebaud 1944, p. 215 and Greene 1945, p. 135).

The second criticism directed against Hayek consisted of his failure to address the shortcomings of the free enterprise system adequately. Perhaps, more accurately, it was not merely the omission of liberalism's shortcomings, but critics also purported that Hayek romanticized the past and idealized 19th century liberalism as a grand panacea without any need for improvement.[5] In this sense, Hayek is accused of falsely remembering the social ills present during the process of societal transformation stemming from the rapid growth of commerce and industrial build-up. Specifically, Carl Friedrich criticizes Hayek for his nostalgia of a bygone era, in which "this 'free society' of Hayek's is the bleak 1840's in England when Manchester exploitation reigned supreme" (Friedrich 1945, p. 575). Schumpeter makes a similar argument by tracing the rise of socialist movements historically as a response to liberalism's failure. It is discontentment with the principles Hayek espouses which led to the formation of

[4] Hayek dismissed the idea of market socialism as a form of "pseudo-competition" (Hayek 2009a [1935], p. 176).

[5] Hayek was well aware of the societal maladies emanating from the free enterprise system, even suggesting that due to its "success already achieved, man became increasingly unwilling to tolerate the evils still with him which now appeared both unbearable and unnecessary" (Hayek 2007 [1944], p. 72).

socialist parties in the first place, as the principles of individual initiative and self-reliance had always only belonged to a very limited class (Schumpeter 1945, p. 270).

Third, critics questioned the logical coherency of Hayek's assertion that totalitarianism is the inevitable outcome of socialism. As Hayek focused on the relationship between socialism and Nazism in *RTS*, many argued against Hayek's 'simplistic' understanding of the multi-faceted reasons leading to National Socialism in Germany. A.C. Pigou suggests that Hayek is confusing cause and effect in terms of the alleged causal link between socialism and totalitarianism. Pigou concedes that dictators like Hitler or Mussolini had to resort to central planning in order to achieve their aim of national power, yet asks whether "it [is] fair to treat the means as a cause of the end towards which it was in these cases directed? Was not lust for national power…among the villains of the piece? More generally, in such a tangle, is not the hope of finding any single cause over-simple? Is not the concept of a function of many variables more apposite" (1944, p. 219)?

Not all who criticized the logical link between socialism and totalitarianism in general, and socialism and Nazism in particular, shared Pigou's *methodological* concern in attributing *one* cause to *one* effect. Some simply viewed a variety of reasons as leading to the emergence of Nazism in Germany. Whereas T.V. Smith posits that the national disposition is pivotal in determining whether a country could become totalitarian by suggesting that "[n]o country has yet wittingly or (as he most fears) unwittingly slipped into serfdom whose *pre*suppositions are democratic, whose customs, hopes and habits are redolent with sympathy for men and replete with respect for laws as instruments of freedom" (1945, p. 226, emphasis in original),

Friedrich suggests directly that it was the disposition of "classes steeped in Prussian tradition of state regimentation which…produced National Socialism" (1945, p. 575). Indeed, the question of what had caused National Socialism was a central question around this time and Hayek's contribution—that it was socialism that had led to totalitarianism—was but one of many explanatory attempts.

Fourth, it is important to allude to an additional criticism, namely the focus on the democratic nature of central planning. As Hayek disagreed with others on whether central planning could be democratic, it is vital to point out that there were indeed differences in the way Hayek and his opponents viewed the prospect of moral education and the importance of benevolent individuals being chiefly responsible for the collectivist decision-making process. For Hayek, centralized state planning was problematic, as government officials determine the use of societal resources and thereby impose their will on the state's subjects. Critics, most prominently Keynes, responded that this alleged path towards totalitarianism could be avoided if society could ensure proper moral education for decision-makers. He writes: "[P]lanning should take place in a community in which as many people as possible, both leaders and followers, wholly share your own moral position. Moderate planning will be safe if those carrying it out are rightly orientated in their own minds and hearts to the moral issue" (Keynes 1980 [1944], p. 387). While Hayek did not respond to Keynes' suggestion directly, one may safely assume that he would have rejected his proposal vis-à-vis moral education as the solution to the pitfalls of planning. Keynes' belief in the power of moral agents making collective decisions for the good of society is juxtaposed over and against Hayek's belief in planners' inescapable choice of the utilization of

resources, necessarily advantaging some and disadvantaging others. For Hayek, this unavoidable choice is distinct from moral action and, hence, moral education.

2. The Links Between *The Road to Serfdom* and Hayek's Earlier Work

What makes the dismissal of *RTS* interesting is that many of the ideas Hayek proposes are not particularly new at the time of its publication. Merely the application of a certain set of principles to a specific political context is novel. A paradox emerges, consequently, when contrasting the non-dismissal of Hayek's thought in the 1930s and up to the publication of *RTS* with the dismissal of the same arguments in the immediate post-war period. In other words: why were his ideas rejected once they took an explicitly political form?

2.1 The Criticism of Historicism

Similarities between *RTS* and Hayek's earlier work are arguably most apparent when one assesses the manner in which Hayek proceeds. In *RTS,* for example, Hayek begins in chapter one by expounding *historically* on the rich heritage of the liberal tradition, followed in subsequent chapters by the *historical* developments of socialist movements. Similarly, Hayek's essay "The Trend of Economic Thinking" (1933) attempts to assess *historically* the reasons as to why economists had fallen into disrepute among the general public. Much like his first chapter in *RTS*, Hayek also draws out the merits of the philosophical stance taken from classical economists whose views he believes to be succeeding (cf. Hayek 1933, pp. 129-131).

But the common feature between *RTS* and much of Hayek's other work was not merely the emphasis on history Hayek utilized. Hayek's substantive criticism regarding the approach of historicism long predates *RTS's* publication in 1944. Indeed, in 1933 Hayek suggests that the development of economic theory and the workings of the market mechanism had proceeded as a "refutation of successive Utopian proposals" (p. 123) whose conditions were based on the dispensing of those forces which allowed the market system to function in the first place. Following, Hayek explains the attraction the Historical School exhibited in that it "had the special attraction that its method was constitutionally unable to refute even the wildest of Utopias, and was, therefore, not likely to bring the disappointment associated with theoretical analysis" (ibid., p. 125).

Hayek's criticism of anti-theorists' abstract approach to moral principles in *RTS* should therefore not be surprising, as it is entirely consistent with his earlier historicist criticism. Whereas the historicism inherent in "The Trend of Economic Thinking" largely focused on the importance of individual cases in the economic sphere, the extension of the same criticism to the moral sphere is predicated upon the same reason. Thus, in the same manner in which abstract general principles handed down from the classical economists were discarded by historicists looking at the world on a case-by-case basis, the same is true for the historicist approach vis-à-vis the rules of morality (cf. Hayek 2007 [1944], p. 197).

2.2. Dispersed Knowledge and the Price System

While Hayek would expound in much greater detail on the epistemic problems associated with central planning in an economically efficient order immediately

following the publication of *RTS*, he had already published general insights—intuitions—regarding the nature of dispersed knowledge across society and the merits of the price system in the 1930s.[6] Frustrated by the presuppositions inherent to social equilibrium models, Hayek's transformation began largely with his article "Economics and Knowledge" (2009b [1937]), which set the course for much of his later research in economics by increasingly discarding equilibrium constructs and focusing on the issue of market coordination instead (cf. Caldwell 2004, chapter 10).

Hayek emphasizes the complexity of social interactions, implying that the amount of knowledge necessary in order to consciously design an efficient economic order is so exceedingly onerous that socialist calculation becomes impossible, necessitating decentralization instead. In fact, he had already explicitly written about the nature of dispersed knowledge across society in "Economics and Knowledge," suggesting that "[t]he problem…is how…a number of people, each possessing only bits of knowledge, brings about a state of affairs in which prices correspond to costs, etc., and which could be brought about by deliberate direction only by somebody who possessed the combined knowledge of all those individuals" (2009b [1937], pp. 50-51). Similarly, Hayek's response to the problem of socialist planning in *RTS*—namely that the price system serves as a tool in coordinating individual efforts (2007 [1944], p. 95)—can also be found much earlier. Alluding to the price mechanism, Hayek

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[6] For a concrete discussion of the problem of standard economic analysis in its focus on static equilibrium and the emphases on societal epistemic ignorance as well as the coordinative function of the price system, see "The Use of Knowledge in Society" (Hayek 2009d [1945]).

notes: “To show that in this sense the spontaneous actions of individuals will…bring about a distribution of resources which can be understood as if it were made according to a single plan, although nobody has planned it, seems to me indeed an answer to the problem which has sometimes been metaphorically described as that of the ‘social mind’” (2009b [1937], p. 54).

2.3. Scientism

The criticism of scientism, for Hayek, stems from an erroneous assumption of the rightness of a particular methodology in applying “a mechanical and uncritical application of habits of thought to fields different from those in which they have been formed.” Following, scientism entails “a prejudiced approach which, before it has considered its subject, claims to know what is the most appropriate way of investigating it” (Hayek 1979 [1952], p. 24).[7] It is precisely with this argument that Hayek attacks critics in *RTS* for viewing societal structures wrongly. Whereas he stresses the organicism of society, arguing against the malleability of a system of highly complex human actions, he criticizes opponents in *RTS* as seeing the organization of society as a technical task.[8] The planner’s belief in the technicality of his task becomes even more apparent in *RTS* when Hayek cites Wilhelm Ostwald as noting that “[w]hile the

[7] “Scientism and the Study of Society” was published in three intervals between 1942 and 1944. It was republished as the first part of *The Counter-Revolution of Science* (Hayek 1979 [1952]), from which the quotations here are taken.

[8] Indeed, Hayek frequently suggested that advocates of this view had been influenced by Cartesian thought, comparing their desire to organize society technically as akin to an engineer adjusting the dials of his work (see for example, (Hayek 2009e [1946], pp. 9-10).

other nations still live under the regime of individualism, we have already achieved that of organization" (cited in Hayek 2007 [1944], p. 186). Particularly the juxtaposition of organization with individualism suggests that the two concepts are viewed as antitheses. If individualism, through the enabling of the pursuit of individual objectives, leads to chaos for Ostwald, then organization must be imprinted on society in order to ensure stability.

The resulting societal order, it follows, is one that does not arise spontaneously, but is consciously designed. For Hayek, the problem with the belief in the technicality of the task is based upon the notion that social sciences investigate the relations between people (or between people and things). Since action-guiding phenomena in the social sciences are in fact nothing other than individual opinions about the state of the world, the social sciences are inherently subjectivist in character, constantly subject to change, and do not lend themselves to technical solutions.[9] It should thus not be surprising that Hayek reproaches scientists and politicians "agitating for a 'scientific' organization of society" who held "contempt for anything which was not consciously organized by superior minds according to a scientific blueprint" (Hayek 2007 [1944], p. 200). The erroneous rationalism Hayek criticizes here is directly related to the scientism he decries in his earlier work.

Indeed, "invisible hand explanations" were nothing new in the Austrian tradition at the time of Hayek's writing, as Carl Menger had already previously

[9] Indeed, the idea that *opinions* really were "The Facts of the Social Sciences" was the central point to the eponymous essay (Hayek 2009c [1943]).

documented the emergence of social institutions (cf. Caldwell 2004, pp. 23-24). The importance for the purpose here, however, is to show that when Hayek picked up on several of the themes in *RTS*—for example, the criticism of historicism, the role and nature of knowledge in the economic process, and scientism—he was, in fact, largely restating ideas he had previously presented.

3. Attempts to Explain Hayek's Dismissal

Two dominant explanatory attempts stand out in seeking to explain why Hayek discredited himself with the publishing of *RTS* and faced dismissal from within the academy. First, Theodore Rosenof argues that Hayek's belief that economic and political liberties are indivisible goods marks a pivotal distinction between classical liberals and New Deal liberals who advocated for greater governmental control in economic processes. One reason for Hayek's dismissal is found in the accusation of Hayek's poor interpretation of history, as he invokes the ideas of liberalizing thinkers extending all the way back to the time of ancient Greece and ancient Rome (Hayek 2007 [1944], pp. 67-68). Yet critics contended that the foundational ideas of economic liberalism—for example competition or the freedom of enterprise—did not apply to these thinkers; in fact, economic freedom did not arise until the end of the eighteenth century. Thus, on historical grounds, it seemed evident that the two types of liberty did not necessarily coincide (Rosenof 1974, p. 153). Not only was the historical argument, therefore, not compelling, but on purely logical grounds, critics saw little connection between the two types of liberty. One critic asked "[w]hat connection is there between free speech, trial by jury, the habeas corpus safeguard, and the socialization, as in

Britain, of the Bank of England, the coal mines, transportation, etc.? None is discernible" (Yarros 1946, p. 107).

In spite of the dismissal of Hayek's arguments by New Deal liberals, Rosenof actually suggests that Hayek touched upon a sensitive issue when he warned of political autocracy developing from too much government control over the economic process. New Deal liberals were indeed fearful of "creating a too-powerful and therefore potentially tyrannical bureaucratic state" and "wanted to make government strong enough to correct the evils of capitalism, but not so strong as to become a threat in itself" (Rosenof 1974, pp. 161, 157). The resultant tension New Deal liberals faced could be addressed, however, in light of the belief of the separation of political and economic liberty. If it is possible to separate economic and political liberties, then it seemed possible to maintain political liberties while allowing for control over economic policies by democratically elected governments. The dismissal of Hayekian thought, then, is founded on the belief that the non-observance of economic liberty does not *necessarily* lead to infringements of political liberty, at the same time acknowledging that too much control over the economic process or control through non-democratic means *can* lead to political infringements.

Second, an altogether different argument for Hayek's dismissal, vocalized by Richard Samuelson, is more philosophical in nature. Whereas Hayek and classical liberals emphasized *one* philosophical approach—namely the belief in liberty—irrespective of historical circumstances, many New Deal liberals viewed such a strict commitment to liberty as illegitimate, as it did not allow for flexibility in addressing the different challenges arising at different times in history. Samuelson suggests: "New

Deal liberals argued that the twentieth century was so radically different from earlier epochs that the maintenance of liberty required a radical redefinition of the state" (1999, p. 310).[10] Many New Deal liberals who had been influenced by the anti-theoretical approach of pragmatism in the United States "denied the existence of fixed truths, and emphasized the scope of historical change to highlight the impossibility of using a set of unchanging principles to guide one's actions and ultimately to guide public policy" (ibid., p. 313).

For Samuelson, it follows, the dismissal of Hayek may be traced to differing epistemologies. He suggests a further consequence of these differences, however, noting that Hayek's criticism of a historicist approach led to an existential attack on the neoteric development of the social sciences:

"The arguments in *The Road to Serfdom* threatened the class interest of the modern intelligentsia in the broadest sense…The social scientists whom Hayek criticized had chosen their careers because they sought to use knowledge and power to help society cope with the special problems of modernity…[Yet Hayek] took dead aim at the modern academy's array of specialized disciplines, each of which sought to build a progressively expanding field of knowledge upon which future generations of scholars can draw, and instead put forth the notion that the basic truths about man and society were fixed and unchanging. Hayek, in other words, threatened the entire value system upon which his critics depended to justify their careers" (ibid., pp. 314-315).

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[10] The question of the growth of monopoly provides an excellent case study in illustrating the two different schools' philosophies. Whereas some New Deal liberals viewed the growth of monopoly as caused by technological changes, Hayek suggests that the nature of history has not changed inasmuch as the rise of monopoly was due to aspiring monopolists' success in obtaining the support of the state (cf. Hayek 2007 [1944], pp. 91-93 and Samuelson 1999, p. 310).

Unsurprisingly, these different epistemologies also reveal a great deal about the differing beliefs in what science could achieve. Not only did Hayek criticize the methodology of scholars when he accused them of engaging in scientism, but he also viewed science's potential as limited in directly assisting planners in their efforts to construct a societal order. Thus, the second argument for Hayek's dismissal holds that historicists' anti-theoretical epistemology was diametrically opposed to Hayek's theorizing, and that the unity of his thought proved existentially dangerous to scientific planners' vocations.

4. Majoritarian Democracy and Political Neutrality as Competing Explanations for Hayek's Dismissal

A multitude of societal and academic dynamics were in play at the time of *RTS*'s publication, and so varying explanatory attempts are not necessarily incompatible with other, competing interpretations. While I do not dismiss the arguments presented by Rosenof and Samuelson, I do wish to suggest that the foci of their analyses are not complete. Specifically, I suggest, first, that different perceptions regarding the constitutive elements and the importance of democracy were instrumental in inciting opposition to Hayek's political program. Second, I contend that the era's guiding scientific ethos—and especially the dominant philosophy of science—did not lend itself to overtly political commitments.

4.1. The Conception of Majoritarian Democracy

One of the chief sources of disagreement between Hayek and his adversaries consisted in the manner in which they viewed democracy. Particularly troublesome to his opponents was his judgment that there is no purpose "in making a fetish of democracy. It may well be true that our generation talks and thinks too much of democracy and too little of the values which it serves." In the subsequent paragraph he adds that "[t]he fashionable concentration on democracy as the main value threatened is not without danger. It is largely responsible for the misleading and unfounded belief that, so long as the ultimate source of power is the will of the majority, the power cannot be arbitrary" (Hayek 2007 [1944], p. 110).

It becomes apparent that for Hayek, democracy is solely a procedural mechanism devoid of any substantive claims. It is defined as majority rule, but does not entail normative requirements in the execution of its rule. As such, the problem associated with democracy is its majoritarian feature, which observes the will of the people before observing antecedent principles of individual liberty.[11] Considering the portrayal of democracy as a majoritarian mechanism, one legitimate assumption regarding the disavowal of Hayek's conception of democracy is that it was seen in a more holistic fashion. Yet, perhaps surprisingly, when Hayek was accused of

[11] "Majoritarian democracy," as one commentator notes drawing on Hayek, "has confused these distinctions [i.e., those between *nomos*, the law of liberty, and *thesis*, the legislation of the modern state] utterly and has encouraged an identification of law with the wishes of the sovereign majority of the moment" (Gray 1984, p. 71) Hayek focused on this distinction in Volume 1 of *Law, Legislation and Liberty* (1983 [1973], chapters 5 and 6). There is no reason to assume, however, that he did not already hold these views at the time of *RTS's* publication, even if his views may not have been spelled out so clearly.

displaying contempt for democracy, it was often by those who took a similar perspective in their definition of democracy, namely as a procedural decision-making rule devoid of substantive claims. Thus, many of Hayek's critics also viewed democracy fundamentally to mean majority decision-making.

No criticism of Hayek's approach in this respect is more illuminating than that of Herman Finer.[12] Finer agrees with Hayek that majoritarianism is the key criterion of democratic rule, yet their agreement in defining democracy does not extend to the basis of the state and its purpose. While liberal norms must be enshrined within the state structure in Hayek's view, the state is normatively vacuous for Finer. Indeed, for Finer the state is normatively vacuous as he suggests that "in a democracy right is what the majority makes it to be" (1946 [1945], p. 42). Finer expounds by accusing Hayek of wanting a truly impartial state not beholden to particular interests, but suggests that *someone* must make appointments for vacancies in necessary governmental institutions. Judges, for example, have to be appointed, and there is no better way than having representatives elected by a majority making these decisions. The true distinction here concerns Hayek not viewing majoritarian rule as *sufficient* in bringing about a free society, while Finer does evaluate it as *the* essential feature of a free political order.

The most important difference, however, relates to the possibility of the abuse of power by majorities. Whereas Hayek fears the "tyranny of the majority," Finer views

[12] Another criticism of the "negative" manner in which Hayek views human action and the skepticism Hayek displays towards majoritarianism can be found in (Friedrich 1945, p. 578).

abuse as virtually impossible. As such, he does not fear the non-respect for liberal rights, noting that "[t]he majority will not be oppressive to large minorities. It has the right to move ahead when the minority is small. It will never have a need to be cruel…While there is free discussion and the organization of parties is continuous and alive, demagogues cannot gain a majority" (ibid., p. 122). This deniability of the possibility of democratic abuse speaks volumes about the differences in the manner in which Hayek and Finer and contemporaries viewed human action. The argument is entirely reminiscent of Hayek's dispute with Keynes, who had argued for the necessity of moral agents to engage in planning. Hayek and Keynes differ in that the former assesses only the institution of planning as such, not examining the moral make-up of persons involved in the task. The latter, meanwhile, views the institution of societal planning as inextricably linked to the individuals setting forth public policy. Similarly, Hayek assesses majoritarian democracy independently from the specific individuals constituting it, quite in contrast to Finer, for whom human action—which would not lead to totalitarianism—is entangled in the democratic construct.[13]

4.2. Science and Political Neutrality

[13] Of course the developments which had led to Hitler's rise to power in Germany—which included elections—was precisely the type of "tyranny of the majority" Hayek feared. Finer responds to this point directly stating that such an event would never occur in Britain or the United States and adds that it was only possible in Germany due to "the suspension of the Bill of Rights by the senile President Hindenburg" (ibid., p. 42). It is not that Finer is opposed to constitutionalism per se (cf. ibid., p. 122), yet it seems likely that the framework of Hayek's and Finer's constitutionalism differ.

At the time of *RTS*'s publication, there were concerted efforts to infuse "science" increasingly into public policy matters. Indeed, from the perspectives of policymakers, political parties and members of the academy, there were calls to make society more scientific in Britain and the United States alike.[14]

In the United States, for example, President Franklin D. Roosevelt tasked the Office of Scientific Research and Development with fostering scientific research throughout society, so that scientific advancement might "be used in the days of peace ahead for the improvement of the national health, the creation of new enterprises bringing new jobs, and the betterment of the national standard of living" (cited in Bush 1945, p. vii). The call for increased scientific prominence is most understandable when reflecting upon the role science had played in leading to the Allied Powers' military victory. The general belief was that what had proven successful in military conquest would also be successful in times of peace. As a result, public efforts to support science were to be strengthened in the period following the end of the war. After all, the rewards of scientific "exploration both for the Nation and the individual are great. Scientific progress is one essential key to our security as a nation, to our better health, to more jobs, to a higher standard of living, and to our cultural progress" (ibid, p. vi).

Yet it was not merely a belief in the ability of science to achieve positive results; the goal was not simply to advance science, but to restructure society scientifically. In the political sphere, this is most evident in the platform adopted by the Labour Party in

[14] The desire for more *science* in the public realm is something Hayek would likely not have opposed. His criticism, however, was that the calls for science were in actuality calls by those engaging in *scientism* (see section 2.3).

Britain in 1942. In adopting the scientific advancements for the social order at the end of the war, the Labour Party proclaimed that "[t]he basis of our Democracy must be planned production for community use," replacing the economic order based on competition (The Labour Party, p.4). Furthermore, the Party platform read:

> "we have arrived at a stage where fundamental economic and social transformation must begin. We say this not in deference to party principle but in recognition of our entrance into a new phase of history. We say that any attempt to restore traditional Britain will deny our power to fulfil the purposes for which we fight and, sooner or later, recreate all the grave problems of the inter-war years in a more acute and profound form" (ibid., p. 12).[15]

A return to "traditional Britain" would bring about much of the kind of misery which had existed in the inter-war period, and any viable solution for this "new phase of history" was seen as having to incorporate the growth of scientific knowledge in the preceding years.[16]

Perhaps the clearest call for the scientific organization of society came from the academy itself. In an editorial criticizing the connection between public policymakers and scientists, the editors of *Nature* suggest that the development of scientific organizations in the public realm must be strengthened and, in facing the challenges of war, science must take a formidable role in reaching a victorious outcome.

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[15] The emphasis on "a new phase of history" provides further credence to Samuelson's argument, stressing different epistemologies as an explanation for Hayek's dismissal (see section 3).

[16] The report by the Labour Party makes abundantly clear that only consciously designed orders were viewed as intelligible, a conviction Hayek had roundly criticized in his discussion of scientism (see section 2.3).

Furthermore, the role of science must continue following the end of combat. The authors note that “the principle of the immediate concern of science in formulating policy and in other ways exerting a direct and sufficient influence on the course of government is one to which we must hold fast,” adding that “[s]cience must seize the opportunity to show that it can lead mankind to a better form of society” (Anon. 1940, p. 470).

While the political community was abuzz with the strict application of science into the public sphere, the infusion of science into policy matters also took on very specific meaning. Science did not simply imply the critical assessment of the object under investigation; rather, it implied the adoption of very concrete attributes in one’s conduct. David Hollinger describes science as a weapon in the cultural clashes in the United States following World War II, suggesting that to act scientifically meant to accept and operate by the norms of “honest, free inquiry, the code of critical, interactive, evidence-based, universalistic, antiauthoritarian… conduct” (Hollinger 1995, p. 442). The characteristics science embodied were fundamentally cosmopolitan norms, which could be deployed as ideological resources in gaining the upper hand in American culture wars.

In fact, these culture wars centered around rampant prejudice in American society at the end of World War II. Religious dynamics in the American academy not only included deep-seated anti-Semitism, but also revealed hostility to atheistic or agnostic intellectuals (cf. ibid., p. 443). In the public realm, of course, the emergence of the “Red Scare” and McCarthyism further entrenched prejudice. Public figures were faced with the continuous fear of being dragged in front of the House of Un-American

Activities to defend their views and non-association with the Communist Party. Intellectuals, too, lived in a climate of fear, borne out of McCarthyism's (and the FBI's) reach into their vocations. In this light, the development of a scientific attitude to embrace characteristics which provided intellectual freedom makes sense. The scientific development, in other words, was intended to end arbitrary prejudice.

Yet the development of science did not end with the embrace of these values. Coupled with the rise of logical positivism, optimism about what science could achieve led to the confidence that science could answer all relevant social questions. Hollinger describes the view of the logical positivists, for whom "virtually every other issue of social concern [aside from the preference for democracy] within a democracy was cognitive, not strictly emotive, was a matter for resolution by rational assessment of cause-and-effect relationships in the real world." Thus, "virtually every issue…was potentially an empirical one, not a moral one, and…the scientific spirit was all the more appropriate as a foundation for culture" (ibid., p. 447).[17]

The rise of this scientific paradigm had very concrete implications for public policy and politics. Moral questions, insofar as they could not be sufficiently addressed by scientists as empirical problems, were no longer scientific problems. Moreover, the growth of knowledge led to the belief that scientific problems were

[17] Hans Reichenbach, for example, suggests that "implications between imperatives [i.e. moral claims] are accessible to logical proof…[Provided that] fundamental aims are the same, quite a few moral issues are transformed into logical issues" (1951, p. 297). Stressing the diversity of fundamental aims—or preferences—throughout society, Hayek would likely reject Reichenbach's premise.

inherently technical problems.[18] As a result, knowledge was the answer to scientific problems, and ideological commitments were outdated. Indeed, "what defined the terms of the debates…was the idea that most traditional practices and ideologies had been rendered obsolete by the growth of knowledge and by a new political culture responsive to knowledge" (Hollinger 1995, p. 450).

The strict separation between ideology and science was commonplace at the time, and the prevailing attitude was a belief in the diminution of the former and the exaltation of the latter. Robert Lane, for example, suggests that "[i]ncreasing knowledge about man, nature, and society can be said to reduce the target area for ideological thinking" (1966, p. 660).[19] In part also because of its political environment, logical positivism—the dominant philosophical paradigm of the day—had itself developed from more varied and multi-faceted strands which had earlier included members who advocated leftist political commitments into an apolitical and technical form (Reisch 2005, p. 21).

Considering that, by the 1960s at the latest, the commitment to disinterested and non-prejudiced inquiry had been advanced so far that it led to the rise of the notion of "the end of ideology" in academic circles, it should come as no surprise that Hayek was not taken seriously within the academy. After all, his work contained precisely the moralism and ideological flavor scientists were hoping to escape.

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[18] The assessment of scientific problems as fundamentally technical reminds one of Hayek's criticisms of opponents who viewed the economic order as a technical problem.

[19] He proceeds to explain that a knowledgeable society becomes less and less ideological through its reduction of dogmatic thinking.

Science developed in a manner to bring about neutrality—specifically political neutrality—and Hayek's ideological rigor clashed with the prevailing scientific attitude of the day. Thus, it was not only *liberal* politics, which led to Hayek's "shunning" and "discrediting" from within the academy—Hayek ceased to be viewed as a serious academic scholar in part also because his work eschewed political neutrality and embraced political ideology per se.

5. Concluding Thoughts: Reconciling Science and Ideology

In fact, this methodological shift in the philosophy of science is reminiscent of yet a further change. The common adage that the approach in economic theory changed from "interwar pluralism to post-war neo-classicism" might be reformulated for the purposes of this essay: while science was sufficiently pluralistic to allow for the existence of ideology in the interwar period, the early post-war period made no such admissions. Of course the developments in science described above did not emerge out of thin air following World War II. The intellectual thought of the Vienna Circle, from which post-war positivism would grow, was a significant theoretical force even in the interwar period. What changed in the post-war period, however, was the predominance it attained. The specific, non-politicized form positivism would take after World War II was no longer *a* competing methodological system—it became *the* dominant position in the philosophy of science.

Considering his dissentient review of *RTS*, perhaps an unlikely philosophical ally emerges in the person of Joseph Schumpeter, however, in reconciling Hayek's political commitments with academic fervor. For Schumpeter, unlike for "end of

ideology" advocates for whom ideology stood in opposition to science, ideology was a pre-scientific act *necessary* to conduct science in the first place. Schumpeter writes that it "must be performed in order to give our minds something to do scientific work on" (2008 [1949], p. 212).[20] As such, ideology provides a background and formation, and even incorporates past scientific development into constructs which make up the researcher's *vision* in taking on the scientific task. Most importantly, however, ideology provides a framework for understanding the world. Ideologies may not be perfect and, hence, must inevitably fade to be replaced by new ideologies, yet they are nevertheless an indispensable component of the scientist's work (cf. ibid., p. 220).

What does this imply for Hayek's dismissal within the academy? Fundamentally, it suggests that Hayek's reception following World War II *could* have been very different. Schumpeter's vision of ideology and science co-existing—moreover, of science necessitating ideology—aptly applies to Hayek's work. It also makes science more *human*, as it invites individuals to contribute without having to surrender one's ideological commitments before entering the community.

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[20] Schumpeter adds that the "prescientific cognitive act which is the source of our ideologies is also the prerequisite of our scientific work. No new departure in any science is possible without it…And so – though we proceed slowly because of our ideologies, we might not proceed at all without them" (ibid., p. 220).

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