
Economics and Morality: Friedrich von Hayek and the Common Good

David J. Peterson

By any fair estimate, Friedrich Hayek was among the outstanding minds of the last century. He received a Nobel Prize in economics in 1974, and has been described as the most influential economist of the postwar era.¹ As a scholar, Hayek had broad interests in the social sciences and made highly regarded contributions to the study of constitutional law and the origin of Western legal systems. He has been called a twentieth-century trailblazer because of his early warnings of the dangers of expanding the scope of government. Best known for his strong defense of a free market, the renaissance of liberal economics is often attributed to the impact of his writings. His ideas have been controversial, and his critics include many who dispute the basic assumptions of the Austrian School of economics, of which he is a leading representative.

Born in Austria near the beginning of the last century, Hayek in 1931 was granted a chair at the London School of Economics, where he remained for nineteen years.² During the world depression of the 1930s, Hayek gained attention for his no-holds-barred criticism of the dominant economic thinker

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¹ Daniel Yergin and Joseph Stanislaw, *The Commanding Heights* (New York: Simon and Schuster, 1998), 14, 15; hereinafter cited as “Yergin-Stanislaw.”

² F. A. Hayek, *Evolution, Knowledge and Society* (London: Adam Smith Institute, 1983), 11.

of the period, John Maynard Keynes, whose “general theory” supported a robust role for the state in a national economy.³ In the decades following World War II, the two men emerged as opposite poles of the liberal-conservative economic debate. In 1950, Hayek was invited to become professor of social and moral sciences at the University of Chicago. Quickly, he became prominent among U.S. conservatives, where his free-market principles helped launch a revolution in economics. By the late 1970s his economic theories had become virtually mainstream, providing a framework for the free-market reforms of two prominent conservative political leaders. First, he spurred the economic reforms instituted by British Prime Minister Margaret Thatcher⁴; a short time later U.S. President Ronald Reagan saluted Hayek as “one of two or three persons” who had most influenced his own views.⁵

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In addition, Hayek was a guide and inspiration for other notable figures including Milton Friedman, an economist and colleague of Hayek's at the University of Chicago. Friedman, too, won a Nobel Prize and gained celebrity as a frequent guest on popular U.S. and British television programs.⁶ Among Hayek's admirers are a number of leading Catholic neoconservatives, including Michael Novak, who regards the economist as an important influence on Pope John Paul II's appraisal of market capitalism. Another famous market advocate, Alan Greenspan, who served as chairman of the U.S. Federal Reserve for eighteen years under three presidents, was strongly influenced by the Austrian School.⁷ Yet Greenspan, whose policies allowed a maximum of freedom for market participants, later expressed regret that efforts had not been made to regulate trillions of dollars' worth of exotic and volatile securities. Appearing before a congressional committee, Greenspan conceded that his ideological commitment to deregulated markets helped to trigger the U.S. financial crisis of 2008, an event that led to the

³ See Nicholas Wapshott, *Keynes, Hayek: The Clash that Defined Modern Economics* (New York: W. W. Norton, 2011) and Yergin-Stanislaw.

⁴ Yergin-Stanislaw, 107-08, 143.

⁵ Martin Anderson, *Revolution* (New York: Harcourt, Brace, Jovanovich, 1988), 164.

⁶ Yergin-Stanislaw, 149-50.

⁷ Sam Bostoph, “Greenspan's Austrian Roots,” in *The Free Market*, Ludwig von Mises Institute, Vol. 19, No. 1.

worst U.S. economic downturn in the last seventy-five years.⁸

Aside from works on economics, Hayek contributed studies in psychology, sociology, and political theory. Today he is regarded as a founder of modern American conservatism, whose ideas helped to define the American paradigm of left vs. right. The seminal feature of Hayek's vision of a "Great Society" is the free market—the *sine qua non* of what he calls a "spontaneous order." The transactions of the market are central to his notion of liberty and his belief that, with few exceptions, governmental intervention is a threat to individual freedom. His books propound a comprehensive view of the way commercial societies emerged and the unique principles that established individual liberty. His reputation involves several apparent paradoxes. Perhaps surprisingly, for a lifelong religious agnostic, Hayek is regarded in some scholarly circles as a bulwark of traditional morality. He acknowledged his debt to thinkers in the British liberal tradition, and in particular he defended the ideas of liberty, the rule of law, and the vital role of customs and morals as propounded by Edmund Burke.⁹ Yet Hayek always distinguished his views from those of conservatives, and referred to himself as a classical liberal. He made this clear in a tract called "Why I Am Not a Conservative."¹⁰ As a European Hayek associated conservatism with authoritarianism and resistance to critical intelligence. Many people, presumably because of a cursory knowledge of Hayek's books, seem unaware of his religiously and morally unorthodox ideas concerning the development of human culture and how he understands liberty. In several of his historical accounts, Hayek explicitly rejects traditional religious faith as "outmoded" superstition and adopts a form of secularism—a stance that many of his admirers ignore. Hayek's methodology and some of his basic assumptions raise the question of what is his relation to more traditional philosophy and social thought—specifically, do his views reflect a genuinely conservative outlook? In some respects Hayek was a kind of dissident within the Western

⁸ "Greenspan Concedes Error on Regulations," *New York Times*, October 28, 2008.

⁹ F. A. Hayek, *The Constitution of Liberty* (Chicago: Regnery, 1972; 1960), 54-70, 162-75.

¹⁰ F. A. Hayek, "Why I am Not a Conservative," from *Constitution of Liberty*, 395-411, 529-31.

tradition. The prominent role that his social thought has assumed makes it important to take a closer look at the mentioned questions. The crux of the matter is Hayek's resistance to the idea of a moral-spiritual good above and beyond merely individual and economic interests that should inform and guide the practice of freedom, including economic activity itself. Although Hayek recognizes the role of Christianity and traditional moral systems in the slow historical evolution of the social norms on which liberty depends, he is not himself willing to acknowledge the kind of higher, supra-economic universal authority that these religious and moral beliefs assume. Hayek is, in the end, a moral and epistemological naturalist, uncomfortable with the idea that human beings are under a more than individual and economic authority. He does not believe that human society needs to respect a non-economic universality. The old Western idea that human beings should care not just about their own well-being but also about a "common good" suggests to him moral authoritarianism and a threat to liberty. He does not make room for the idea of a higher liberty that subordinates economic liberty to itself in order for a shared, supra-individual end to be served. The 'nature' of his naturalism does not, in other words, contain a dimension of moral universality that ties it to a shared moral end. It is thus quite different from 'nature' and natural law as understood, for example, by Thomas Aquinas.

The Chicago professor's legacy includes his seminal role in the economic debates of the late twentieth century. Along with Ludwig von Mises and a few others, Hayek greatly influenced modern economics by reviving, defending, and developing the key principles of free markets that are associated with Adam Smith. He made contributions that had far-reaching and positive consequences. A few of his accomplishments may be noted to indicate the scope and depth of his influence. Early in the Cold War period, Hayek mounted a spirited defense of free government against totalitarianism. His analysis, along with that of Mises, was a factor in discrediting the centralized planning of Soviet Russia and other Communist nations. Working from Adam Smith's model of how markets efficiently allocate resources, Hayek developed a critique of a 'planned economy' where production is controlled by bureaucrats or

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“experts.”¹¹ A ‘command’ economy lacks a good mechanism for determining prices for products and services. His analysis demonstrated that the kind of prices that efficiently allocate resources cannot be set by government fiat. When an economy lacks the daily input of the individual decisions of millions of consumers and the widely dispersed knowledge of potential entrepreneurs, the result is colossal waste and inefficiency. Although many reputable observers were convinced that the Soviet economy was growing and was likely to surpass that of the U.S., Hayek’s studies showed otherwise. Under socialist central planning, the Soviet bloc could not hope to compete economically with the U.S. and its Western allies.¹² His thesis also implied that the Soviet rulers might feel forced to resort to aggression.

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Hayek also wrote a celebrated series of works defending free institutions of government, most importantly *The Constitution of Liberty* (1960) and *Law, Legislation and Liberty* (1973). Like Hume and Burke, Hayek believed that we can identify important cultural norms that have developed over hundreds of years. He situates Western law within the historical matrix of customs and traditions that contain great wisdom. Such customs are time-tested. They evolved by incremental change rather than being designed by a legislature or other officials. He criticized reformers and “planning experts” as misguided, arguing that their attempts to remodel institutions show little understanding of the importance of long established traditions. Indeed such efforts often result in boondoggles producing few benefits and an increased tax burden. An admirer of the British tradition of representative government, Hayek added to our understanding of the way free institutions promote innovation, material prosperity, and human happiness. Freedom, he contends, relies on what we call the rule of law, which can emerge provided several criteria are met: the general standing rules of law are applied to all persons equally and are predictable rather than arbitrary; the power of the state is limited; and citizens have rights that are protected by a written constitu-

¹¹ F. A. Hayek, “The Use of Knowledge in Society,” *The American Economic Review*, Vol. 35, No. 4. (September 1945): 519-530.

¹² Gerald P. Driscoll, *Economics as a Coordination Problem: the Contribution of F. A. Hayek* (Kansas City: Sheed, Andrews and McMeel, 1977), foreword.

tion. Repeatedly, he insisted that liberty must be cherished and guarded closely lest it be undermined by its enemies.

The New Conservatives

At the close of World War II, Hayek's name occurs prominently among those who made individual liberty the focus of what they called conservatism. The same is true of Ayn Rand, the legendary novelist and political writer who, like Hayek, first attained fame during the early Cold War period. Born in Soviet Russia, Rand immigrated to the U.S. and became a formidable opponent of totalitarian regimes. In the era before civil rights activism, she was one of few women who made her mark within the budding conservative movement. Hayek and Rand were far from indistinguishable in thought but were such diligent advocates of individual liberty that, for their admirers, their names became symbolic of the very concept. Although Rand wrote little in the area of formal economic theory, she endorsed Ludwig von Mises and praised Austrian-school doctrines for promoting unrestricted freedom and market capitalism.¹³ The compatibility of the Austrian School and Rand's outlook has been noted by a number of twenty-first-century authors.¹⁴ Hayek and Rand played important roles in the emerging intellectual coalition that invigorated the political right in the world's leading superpower. The two were outspoken critics of the Washington "liberal" consensus.

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¹³ According to Chris M. Sciabarra and Larry T. Sechrest ("Ayn Rand Among the Austrians," *The Journal of Ayn Rand Studies*, Vol. 6, No. 2 [Spring 2005], 241-50), Ayn Rand and Ludwig von Mises enjoyed a collegial relationship. Ayn Rand's anthology *Capitalism: The Unknown Ideal* (New York: Penguin Group, 1967) lists eight books by Mises in the bibliography.

Rand's relationship to the Austrian School was the subject of part II of the Ayn Rand Centenary Symposium entitled "Ayn Rand Among the Austrians," published in *The Journal of Ayn Rand Studies*, Vol. 6, No. 2 (Spring 2005). Some titles include: Walter E. Block, "Ayn Rand and Austrian Economics: Two Peas in a Pod," 271-97; Steven Horwitz, "Two Worlds at Once: Rand, Hayek and the Ethics of the Micro- and Macro-Cosmos," 375-403; and Sciabarra and Sechrest, "Ayn Rand Among the Austrians," 241-50.

¹⁴ During the 2012 U. S. election campaign, several journalists commented on the similarities of the views of Hayek and Rand, including Jonathan Chait, "The Legendary Paul Ryan," *New Yorker Magazine*, May 7, 2012, and Adam Davidson, Prime Time for Paul Ryan's Guru: the One Who's Not Ayn Rand," *New York Times Magazine*, August 21, 2012; also see Sciabarra and Sechrest, "Ayn Rand Among the Austrians."

They warned against “appeasement” of Soviet expansionism and helped create a platform for an alternative politics of limited government. The passionate, uncompromising style of their writing helped alert the Western nations to the horrors of totalitarianism and the menace of Soviet communism. Rand developed her ideas through popular novels like *The Fountainhead* (1943) and *Atlas Shrugged*, the latter published in 1957 at the height of the Cold War. Hayek first became widely known upon the publishing of his polemic against totalitarianism *The Road to Serfdom* in 1944. It soon became available to millions through installments in *Reader’s Digest*. The popularity of his theories grew, and by the 1970s his ideas were “going viral” long before that phrase was coined. Several of his tenets became widespread in academia, the national media, and in the general culture. Success for Rand was more intermittent. Her diatribes against religion and her unconventional, dogmatic personality struck a sour note and limited her influence. Nevertheless, her novels generate remarkable enthusiasm even today. Readers—especially young readers—adore her heroic entrepreneurial characters and extol her values. Supporters of Rand and Hayek are skeptical of appeals to altruism—an impulse that both writers believed undermined freedom and spawned an epidemic of dependency. Those who promote their viewpoint sometimes use Rand’s phrase “the virtue of selfishness.”¹⁵

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In 1947, Hayek led a group of like-minded intellectuals in founding the Mont Pelerin Society to foster free market and classical liberal principles. His model has been replicated many times. Today hundreds of similar organizations and foundations are active worldwide promoting free markets and neoliberal policies. A significant number of prestigious U. S. foundations and “think tanks” are described as “market oriented,” many of them promoting and circulating Hayek’s books and economic theories.¹⁶ Deregulation and global free

¹⁵ The phrase is the title of Rand’s book *The Virtue of Selfishness* (New York: Penguin Books, 1964). A key tenet is that man is inherently selfish; that altruism is incompatible with man’s nature, with the creative requirements of his survival, and with a free society.

¹⁶ Alejandro Chafuen, “Thinking About Think Tanks: Which Ones Are the Best?” *Forbes Magazine*, January 23, 2013, www.montpelerin.org/mpsAbout.html (accessed on December 12, 2013).

markets are today the recognized norm for parts of the world's economic elites and many powerful financial institutions. The same theories are widespread among government and corporate leaders as well as in university economics departments. Libertarianism, which celebrates the ideal of unrestricted markets as liberty in practice, is a well-established movement in the U.S., Britain, and elsewhere.

Even before he arrived at the University of Chicago, Hayek found that he had allies on the American right. Like them, he opposed the New Deal consensus in America and warned against the dangers inherent to a growing welfare state. But he quickly became uncomfortable with many on the right and raised some eyebrows by authoring *Why I Am Not a Conservative*.¹⁷ In this pamphlet, which was printed as a postscript to *The Constitution of Liberty*, Hayek castigates his would-be conservative allies, favorably quoting Sir Keith Feiling's comment: "Taken in bulk, the Right have a horror of ideas, for is not the practical man, in Disraeli's words, 'one who practices the blunders of his predecessors?' . . . for long tracts of their history they have indiscriminately resisted improvement, and in claiming to reverence their ancestors often reduce opinion to aged individual prejudice."¹⁸ In addition, Hayek was disconcerted by what he believed were a host of reactionary ideas embedded in the outlook of some on the American right as on the European right. He commented:

One of the fundamental traits of the conservative attitude is a fear of change, a timid distrust of the new as such, while the liberal position is based on courage and confidence on a preparedness to let change run its course even if we cannot predict where it will lead.¹⁹

Indeed, so it appeared to Hayek, certain American conserva-

According to Chafuen, an author and board member of Atlas Economic Research Foundation, the World Bank's survey, "2012 Global Go To Think Tank Index Report," identified ninety top-ranking 'market-oriented' think tanks. The largest in America were the Cato Institute, American Enterprise Institute (AEI) and the Heritage Foundation, and in Canada the Fraser Institute. The latter four together had 500 staff members and \$100 million in yearly income.

¹⁷ Hayek, "Why I am Not a Conservative," *The Constitution of Liberty*, 395-411, 529-31.

¹⁸ K. Feiling, *Sketches in Nineteenth Century Biography* (London, 1930), 174, quoted in *Ibid.*, 529n6.

¹⁹ *Ibid.*, 400.

tives were indifferent or even hostile to ordinary science; some populists rejected new or innovative ideas. The point of disagreement with the right, however, was wider and seemed to involve a basic contrast in approach. A key aspect of Hayek's dispute with traditional thinkers involves an acceptance of natural law in some form: an outlook that assumes a generally classical or medieval view of the universe. Although there were areas where classical liberals and traditional conservatives could find agreement, their alliance in the post-War period was always tentative. Considering the great influence exerted in the Western world by the tradition of natural law, it seems useful to assess to what extent Professor Hayek's contributions are compatible with or represent a challenge to that tradition.

A short digression on the development of liberal institutions might be helpful. The emergence of individual liberty and representative government was part of an arduous struggle played out over centuries. During the late Middle Ages in Europe, the power of noble families, particularly the king, was considered problematic. Government and the royal courts were sometimes seen as arbitrary; at times the ruler was a fool, a tyrant, or a tool of ruthless and sinister factions. Hereditary rule was restrained and eclipsed over many generations and adherence to the rule of law established. During this long struggle, representative government was taking hold, first in England and later on the continent. In times past, "divine right" entitled the king to rule his subjects, but even the sovereign was subject to limits. The kings and the nobility shared power with the established church, either Catholic or Protestant. The French theorist Pierre Manent writes about the period when the supporters of liberal institutions started to promote their cause: "Liberal thought developed as a product of a conflict which arose from the need of a new political system to be free of all church control." He adds: "The principles of the new politics, the rights of man and citizen, sovereignty of the people, had been forged during the two previous centuries in a bitter battle against Christianity, and the Roman Catholic Church."²⁰

²⁰ Pierre Manent, *An Intellectual History of Liberalism*, translated by Rebecca Balinski (Princeton, NJ: Princeton University Press, 1994), xvii.

Morals in a Liberal Order

Several figures of the British Enlightenment are recognized as major influences in the rise of a new order of representative government. Their metaphysical ideas ranged from devout belief to skepticism. Some held that, in practice, religion can be employed by the state to abridge liberty and to achieve less than celestial objectives. Among the most noteworthy commentators were seventeenth-century philosophers Thomas Hobbes (1588-1679) and John Locke (1632-1704) as well as the eighteenth-century philosopher and historian David Hume (1711-1776). Hayek expresses a fondness for the thought of Edmund Burke, but he is especially indebted to Hume, who contributed key insights regarding the origins of human culture and society.²¹ The latter's writings were influential in England and were highly regarded by several of America's founding fathers. Unlike Burke, who believed in a benevolent Creator and Providence, Hume was an early religious skeptic. His analytical method sought to break down complex notions into simpler ideas with the goal of replacing myth and superstition with rational thought.²²

Writing more than two centuries after Hume, Hayek adopted a scientific outlook that could be called post-Christian. In *The Fatal Conceit*, he states, "So far as I personally am concerned I had better state that I feel as little entitled to assert as to deny the existence of what others call God, for I must admit that I just do not know what this word is supposed to mean."²³ As far as worship is concerned, Hayek suggests that people are certainly welcome to hold religious beliefs. But, seeing religion as an anachronism, he describes faith in God or Creation as based on an anthropomorphic view of the deity that he cannot accept.²⁴ Although obedience to law is indispensable to good order, religion as a guide has lost its relevance. Lacking belief in a created universe does not render Hayek's scholarship suspect or invalid, but it is ironic that many people who embrace the professor as a stalwart of conservative thought often disre-

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²¹ F. A. Hayek, "The Legal and Political Philosophy of Hume," in *Studies in Philosophy, Politics and Economics* (Chicago: University of Chicago Press, 1967).

²² Donald W. Livingston, "The First Conservative," *The American Conservative*, August, 2011, 6-12.

²³ F. A. Hayek, *The Fatal Conceit, the Errors of Socialism* (Chicago: University of Chicago, 1988), 139.

²⁴ *Ibid.*, 56.

gard skepticism toward religion that Hayek is at pains to make explicit. Agreeing with “progressives,” he takes for granted that theological and metaphysical notions do not belong in public life. He claims that not only are religious “superstitions” not admirable but that they can sometimes be dangerous. In the *The Mirage of Social Justice* he warns:

There can be no doubt that moral and religious beliefs can destroy a civilization and that when such doctrines prevail, not only the most cherished beliefs but also the most revered moral leaders, sometimes saintly figures whose unselfishness is beyond question, may become grave dangers. . . . Against this threat we can protect ourselves only by subjecting our dearest dreams of a better world to ruthless rational dissection.²⁵

An indifferent to dismissive attitude toward religious belief is evident in Hayek’s view of human culture and morals. His perspective undermines a notion that has been seminal in the Western world: that well-ordered societies ultimately rest on respect for a transcendent moral standard. In his analysis of morals, the economist cites the importance of Hume and another early moral pragmatist, Bernard Mandeville (1670-1733).²⁶ He elaborates on the empirical foundation of morals in Hume’s famous essays on the origins of human nature and morality.²⁷ There exists a “moral sense,” Hume argues, which originates in sentiments that are shared by everyone. Such sentiments exist prior to reason and guide our attitudes and actions. This “moral sense” is easily recognized and has developed in human culture through a trial and error process over countless generations. Hume writes:

The hypothesis which we embrace is plain. It maintains that morality is determined by sentiment. It defined virtue to be whatever mental action or quality gives to a spectator the pleasing sentiment of approbation; and vice the contrary.

He adds:

The approbation or blame which then ensues, cannot be the work of the judgment, but of the heart; and is not a speculative

²⁵ F. A. Hayek, *The Mirage of Social Justice*, vol. 2 of *Law, Legislation and Liberty* (Chicago: University of Chicago, 1976), 67.

²⁶ Hayek, *Mirage*, 185n7; also see *Fatal Conceit*, 12-13.

²⁷ David Hume, *An Enquiry Concerning Human Understanding* (London: Oxford University Press, 1748); *An Enquiry Concerning the Principles of Morals* (London: Oxford University Press, 1751).

proposition or affirmation, but an active feeling or sentiment.²⁸

The belief that sentiment plays a role in human morals can be found in a variety of classical thinkers, and plenty of contemporary scholars accept the idea that human morals and social conventions were shaped gradually over the generations and were adapted to circumstances. Hume believes that there is an active moral order which, employing reason together with a will to the good of all, assists in creating a well-ordered and harmonious society. "One principal foundation of moral praise being supposed to lie in the usefulness of any quality or action," he explains,

it is evident that *reason* must enter for a considerable share in all decisions of this kind; since nothing but that faculty can instruct us in the tendency of qualities and actions, and point out their beneficial consequences to society and to their possessor. . . .

But though reason, when fully assisted and improved, be sufficient to instruct us in the pernicious or useful tendency of qualities and actions; it is not alone sufficient to produce any moral blame or approbation. Utility is only a tendency to a certain end; and were the end totally indifferent to us, we should feel the same indifference towards the means. It is requisite a sentiment should here display itself, in order to give preference to the useful above the pernicious tendencies. This sentiment can be not other than a feeling for the happiness of mankind, and a resentment of their misery; since these are the different ends which virtue and vice have a tendency to promote. Here, therefore, reason instructs us in the several tendencies of actions, and humanity makes a distinction in favor of those which are useful and beneficial.²⁹

Hume has a high regard for historically evolved social hierarchy and accepts traditional notions of virtue. The philosopher notes that moral conduct must be venerated and fostered by the larger society for the sake of the common good and that, at times, narrow self-interest takes a back seat to universal values:

In general, we may observe, that all questions of property are subordinate to the authority of civil laws, which extend,

²⁸ Hume, *Principles of Morals*, appendix I, section 240-241. In his account, Hume asserts that human sentiment is where moral actions originate, but that does not settle the issue. He goes on to state that the matter is more complex. What we understand as morality is determined through an intricate process, one which is shaped and tempered by reason.

²⁹ Hume, *Principles of Morals*, appendix I, section 234-35 (emphases in the original).

restrain, modify and alter the rules of natural justice, according to the particular *convenience* of each community. The laws have, or ought to have, a constant reference to the constitution of government, the manners, the climate, the religion, the commerce, the situation of each society. . . . *What is man's property?* Anything which it is lawful for him, and for him alone to use. *But what rule have we, by which we can distinguish these objects?* Here we must have recourse to statutes, customs, precedents, analogies, and a hundred other circumstances; some of which are constant and inflexible, some variable and arbitrary. But the ultimate point, in which they all professedly terminate, is the interest and happiness of human society. Where this enters not into consideration, nothing can appear more whimsical, unnatural and even superstitious than all or most of the laws of justice and property. . . .

It appears also, that, in our general approbation of characters and manners, the useful tendency of social virtues moves us not by any regards to self-interest, but has an influence much more universal and extensive. It appears, that a tendency to the public good, and to the promoting of peace, harmony, and the social order in society, does always . . . engage us on the side of the social virtues. And it appears, as an additional confirmation, that these principles of humanity and sympathy enter so deeply into all our sentiments, and have so powerful an influence, as may enable them to excite the strongest censure and applause. The present theory is the simple result of all these inferences, each of which seems founded on uniform experience and observation.³⁰

Yet, interestingly enough, Hayek regards Hume as the inspiration for his own moral ideas. He claims that there is correspondence between Hume's ideas of human culture and the theories developed by the naturalist Charles Darwin. According to Hayek:

Hume's starting point is his anti-rationalist theory of morals which shows that, so far as the creation of moral rules is concerned, "reason of itself is utterly impotent" and that "the rules of morality, therefore, are not conclusions of our reason." He demonstrates that our moral beliefs are neither natural in the sense of innate, nor a deliberate invention of human reason, but an 'artifact' in the special sense in which he introduces this term, that is, a product of cultural evolution, as we would call it. In this process of evolution what proved conducive to more effective human effort survived, and the less effective was superseded.³¹

³⁰ Hume, *Principles of Morals*, sections 158, 189 (emphases in the original).

³¹ Hayek, *Studies*, 111, quotes from Hume, *Principles of Morals*, section 235.

Quoting Christian Bay, he continues:

Standards of morality and justice are what Hume calls “artifacts”; they are neither divinely ordained, nor an integral part of original human nature, nor revealed by pure reason. They are an outcome of the practical experience of mankind, and the sole consideration in the slow test of time is the utility each moral rule can demonstrate toward promoting human welfare. Hume may be called a precursor to Darwin in the field of human ethics. In effect, he proclaimed a doctrine of the survival of the fittest among human conventions—fittest not in terms of good teeth but in terms of maximum social utility.³²

Morals, Hayek tells us, are nothing more than certain “artifacts” that are deeply embedded in human culture; our moral culture has evolved more or less unconsciously over centuries as a permanent feature of society. In the view of Scottish Enlightenment thinkers, morals are the product of cultural evolution which elsewhere Hayek labels social “instincts.”³³ While Hume and especially Burke see moral convention as involving an active and continuing dialogue in which reason plays a role, Hayek seems to see it as the product in part of social “instinct” operating rather mechanically and persisting from one generation to the next. His view implies that a cultural process “analogous in some important ways” to Darwin’s ideas of biological evolution can account for the complex choices that societies understand as morality and that are manifested in rules, laws, and social behavior.³⁴ Hayek assumes that as with organic evolution, the way our ancestors crafted laws and customs was not guided by reason. Like biological nature, humans had little comprehension of why they acted as they did:

Man never understood why he accepted these morals. The morals of property and the family were spread and came to dominate a large part of the world, because those groups that *by accident* accepted them prospered and multiplied more than others. We do not owe our morals to our intelligence: we owe them to the fact that some groups uncomprehendingly accepted certain rules of conduct—the rules of private property, of honesty and of the family—that enabled the groups practicing them to prosper, multiply, and gradually to displace the others. Man was never intelligent enough to design his own society, but the

³² *Ibid.*, 111n; quoted from Christian Bay, *The Structure of Freedom* (Stanford: Stanford University Press, 1958), 33.

³³ Hayek, *Fatal Conceit*, 70.

³⁴ *Ibid.*, 23-26.

practices that helped him to multiply his numbers spread for just that reason. It was a process of cultural selection, analogous to the process of biological selection, which made those groups and their practices prevail. But the fact that our morals are not the result of man's supreme intelligence . . . explains why we all so much dislike them.³⁵

For Hayek, morals are important as practical means to an undefined end.

Hayek's notion of moral evolution suggests that the rule of law emerges outside of rational intent. Morals can exist apart from the kind of intelligible design assumed by traditional natural law theorizing. For the economist, morals are merely a pragmatic adaptation to circumstance—behavior patterns that seem to “work” in a utilitarian sense in the time and place. Burke is not a moral rationalist and goes beyond natural law thinking in his appreciation for the role of the past in the present, but reason and a universal standard remain prominent in his understanding of how humanity defines moral good. Burke believes that an ability to understand the will of the Creator contributes to the unfolding of law and to a true concept of justice under law. As intimated earlier, the notion of morals as “artifacts” represents a sea change in Western moral speculation, especially when, as seems to be the case in Hayek, it disconnects morality from a more than economic, pragmatic, utilitarian sense of good. The question that Hayek keeps avoiding—efficacy for what ultimate purpose, narrow selfishness or the common good?—is the one that traditional morality made central. Most moral pragmatists dismiss a universal standard above individual convenience, contending that right and wrong are merely conventional constructs adapted to particular situations. When he tries to be specific, Hayek says that morals are important as practical means to an undefined end. They are useful when helpful, dispensable when not. But what about morals that are highly efficient, for example, from the point of view of maximizing the person's desire of the moment, but that are destructive of the person's deeper well-being? Hayek offers little help answering such questions. He has reduced the notion of morality in such a way as to make his “spontaneous order” self-justifying as a natural phenomenon, natural, that is to say, in the sense of increasing each person's chances of attaining his particular ends without regard to a

³⁵ *Evolution, Knowledge and Society*, 46-47.

higher, supra-individual end to be served.³⁶

As Joseph Baldacchino has noted, “A deep awareness of a universal moral order having its source in God’s will pervades Burke’s writings.”³⁷ Baldacchino recognizes that Burke and earlier natural law thinkers such as Thomas Aquinas have differences, which can be seen in Burke’s understanding of how laws and rules of conduct come into being. But Burke agrees with the natural law tradition that the establishment of a body of laws is properly a reflection of a universal standard of justice, however adapted to historical circumstances that standard will have to be. As with Aquinas, says Baldacchino, “Burke sees the establishment of good laws as crucial to civilized society.”³⁸ Baldacchino quotes Burke on the purpose of law: “For power to be legitimate, it must not be exercised according

*For Burke,
the universal
moral order
has its source
in God’s will.*

³⁶ In *Mirage*, 114-15, 142, he states:

A policy making use of the spontaneously ordering forces therefore cannot aim at a known maximum of particular results, but must aim at increasing, for any particular person picked at random, the prospects that the overall effect of all changes required by that order will be to increase his chances of attaining his ends. We have seen that the common good in this sense is not a particular state of things but consists in an abstract order which in a free society must leave undetermined the degree to which the several particular needs will be met. The aim will have to be an order which will increase everybody’s chances as much as possible—not at every moment, but only ‘on the whole’ and in the long run (114-15).

He adds:

The predominant view today appears to be that we should avail ourselves in the main of the ordering forces of the market, indeed must in a great measure do so, but should ‘correct’ its results where they are flagrantly unjust. Yet so long as the earnings of particular individuals or groups are not determined by the decision of some agency, no particular distribution of incomes can be meaningfully described as more just than another. If we want to make it substantively just, we can do so only by replacing the whole spontaneous order by an organization in which the share of each is fixed by some central authority (142).

³⁷ Joseph Baldacchino, “The Value-Centered Historicism of Edmund Burke,” *Modern Age*, Vol. 27, No. 2 (Spring 1983): 141.

³⁸ *Ibid.*, 143-44. A key difference between Burke and older natural-law thinkers such as Thomas Aquinas is that, while the latter viewed the universal moral order as actually inhering in general laws or principles of behavior, Burke regards legal codes as means to a higher end, which is “beneficence” or “justice.” And as the requirements of justice change with circumstances, the laws should also vary. They are not abstract and immutable, he tells us, but matters of “convention.” This does not mean, however, that legislators or voters in democracies are free to act at whim.

For Burke, morality entails actively seeking right solution in the circumstances.

to the people's 'sordid selfish interest, nor to their wanton caprice, nor to their arbitrary will,' but according to 'that eternal immutable law, in which will and reason are the same.'³⁹ Burke, says Baldacchino, "regards legal codes as a means to a higher end." He quotes the English statesman's remark that civil society "is an institution of beneficence; and law itself is only beneficence acting by a rule."⁴⁰ The underlying aim must be a justice that is higher than temporary convenience and economic advantage, indeed, must serve a good of the whole that has a past and a future as well as a present. Morality is not merely transitory and subjective, Baldacchino writes. "Rather, men must actively seek the just solution in the circumstances: the solution that accords with man's 'permanent' nature."⁴¹ "My Lords," Burke declared as the Hastings trial drew to its close,

it has pleased Providence to place us in such a state, that we appear every moment to be on the verge of some great mutations. There is one thing, and one thing only, which defies all mutation; that which existed before the world, and will survive the fabrick of the world itself; I mean justice; that justice, which, emanating from the Divinity, has a place in the breast of every one of us, given us for our guide with regard to ourselves and with regard to others, and which will stand, after this globe is burned to ashes⁴²

Elucidating Burke, Baldacchino writes: "The quest of government as it ought to be requires not abstract speculation but a deep knowledge of human nature and human necessities, and of the things which facilitate or obstruct the various ends which are to be pursued by the mechanism of civil institutions."⁴³ According to Burke, "true humility, the basis of the Christian system, is the low, but deep and firm foundation of all real virtue."⁴⁴ Burke praised the British constitution as having come into existence "in a great length of time, and

³⁹ Ibid., 142 (emphases added), quoted from Edmund Burke, *Reflections on the Revolution in France*, ed. Conor Cruise O'Brien (Harmondsworth: Penguin Books, 1969), 191-92.

⁴⁰ Ibid., 143, quoted from Burke, *Reflections*, 149 (emphases added).

⁴¹ Ibid., 143.

⁴² Ibid., quoted from Russell Kirk, *Edmund Burke: A Genius Reconsidered* (New Rochelle, NY: Arlington House, 1967), 122.

⁴³ Ibid., 144, quoted from Burke, *Reflections*, 151.

⁴⁴ Ibid., quoted from Burke, "Of the National Assembly," *Works of Edmund Burke* (London: Bohn's Standard Library, 1886), Vol. II, 536.

by a great variety of accidents."⁴⁵ But, writes Baldacchino, in referring to "accidents," Burke "clearly did not mean that the constitution was good because it was the product of actions not guided by moral intent. On the contrary, Burke viewed the British constitution as good precisely to the extent that it had resulted from innumerable moral actions, each participating in the universal good but in different circumstances."⁴⁶

In her 1997 article "The Liberalism/Conservatism of Edmund Burke and F. A. Hayek: A Critical Comparison," Linda Raeder is on solid ground in observing that Burke and Hayek were in accord on many traditions essential to the Whig philosophy of government. She comments, "The Whigs were united by a common passion—the hatred of arbitrary power—and the prevention of arbitrary action by government ever remained the guiding aim of their political practice."⁴⁷ On the development of law, Raeder points out that "Philosophers such as Adam Ferguson, David Hume, and Adam Smith had conceived society and its complex webwork of institutions—law, 'manners,'⁴⁸ morals, customs—as the outcome of a prolonged 'process of cumulative growth'⁴⁹ whereby man had advanced from a level of primitive savagery to high culture and civilization." She adds: "On such a view, social order appears as a product of the interplay of historically evolved institutions, habit and custom, objective law, and impersonal social forces."⁵⁰

There are key differences, however, between Burke and Hayek. As already mentioned, for Burke sound ways and customs were adopted by a people under the guidance of a benevolent Creator. Raeder notes that Burke's reverential attitude toward human society was further deepened by his religious convictions. In particular, different civilizations "were, for him, spiritual phenomena . . ." "Burke believed," notes Raeder, "that man carries the imprint of moral (and thus

⁴⁵ *Ibid.*, 144, quoted from Leo Strauss, *Natural Right and History* (Chicago: University of Chicago Press, 1953), 314.

⁴⁶ *Ibid.*, 144.

⁴⁷ Linda Raeder, "The Liberalism/Conservatism of Edmund Burke and F. A. Hayek: A Critical Comparison," *Humanitas* Vol. X, No. 1 (1997): 71.

⁴⁸ *Ibid.*, 73, quoted from Burke, *Reflections*, 70.

⁴⁹ *Ibid.*, quoted from *Constitution of Liberty*, 52.

⁵⁰ *Ibid.*

civil) law within his being, imprinted by ‘the will of Him who gave us our nature and in giving impressed an invariable law upon it.’”⁵¹ Again quoting Burke, Raeder points out that only obedience to God’s “Plan could induce peace and contentment among the constitutionally and irremediably unequal members of any social order, and that only a people who feared God was capable of sustaining the morality indispensable to the maintenance of free government.”⁵²

Historians can identify a framework of customs and laws in every civilization. It is certain that Burke is not speaking merely of an unconscious process of trial and error. On the contrary, writes Raeder, Burke “was convinced . . . that a highly developed religious consciousness was indispensable to the continuity and endurance of the state over time, necessary to forge the sacred bond between generations without which it must dissolve into the ‘dust and powder of individuality and at length [be] dispersed to all the winds of heaven.’”⁵³

Life contains a great deal more than an exchange of goods and services.

That Hayek is alert to the need for moral conduct is not in doubt. What is at issue is how he conceives of morality. What he has to offer is something that he calls “commercial morals,”⁵⁴ a slimmed-down substitute for an older morality that might best be described as a kind of business ethics. It deals with honesty in business activities, comprising a set of rules and procedures for settling debts, making contracts, determining prices, and upholding the rights to property. There is no need to point out that proper business practices are a blessing and indispensable in a good society. But business ethics can hardly take the place of morality in general. Life concerns a great deal more than an exchange of goods and services. The economic sphere is but one aspect, however important, of a full human life. Few would disagree that what a person believes to be just makes a great deal of difference for the person’s general outlook. The question is whether Hayek’s naturalistic ethic with its radical downplaying of conscious intent is compatible

⁵¹ *Ibid.*, 74, 86, quotes from “Tract on the Popery Laws,” in Peter J. Stanlis, *Burke and the Enlightenment*, 17.

⁵² *Ibid.*, 81.

⁵³ *Ibid.*, 81-82, quotes from John MacCunn, “Religion and Politics,” in *Edmund Burke: Appraisals and Applications*, Daniel E. Richie, ed. (New Brunswick: Transaction Publishers, 1990), 186.

⁵⁴ *Evolution, Knowledge and Society*, 33.

with freedom and justice as conceived in the light of the classical and Christian traditions.

According to Hayek, political freedom depends to an important degree on a “free economy” not being constrained or influenced by outside actors with other goals or objectives. “Spontaneous order” arises when each person’s actions are motivated only by self-interest. Individual freedom is the absence of coercion, so that persons can satisfy whatever their desires might be. “Spontaneous order” flourishes with minimal moral constraints. It is aligned with a pragmatically evolved constitutional and legal code that lacks any higher end than enabling each individual to achieve his or her freely chosen goals. However, the result of excluding from morality and the “public square” the higher purposes assumed by natural law theorizing and the larger classical and Christian tradition is tantamount to enshrining material, merely utilitarian or hedonistic gratification—however elaborate, varied, and refined—as the sole purpose of life. For people with this constricted notion of well-being, personal satisfaction and possession of wealth appear to be the only legitimate path to a shared ground of values. They tell us that raising questions about this level of life and advocating a higher level of human existence must remain outside the domain of philosophical discourse.

To describe his “spontaneous order” Hayek invokes Mandeville’s witty *Fable of the Bees: or Private Vices, Publick Benefits* (here abbreviated):

*Thus every part was full of vice
Yet the whole mass a paradise . . .
Whilst Luxury,
Employed a Million of the Poor
And odious Pride one Million more
. . . Envy itself, and Vanity
Were the Ministers of Industry.
Then leave Complaints: Fools, they only strive
To make a great and honest hive.*

The fable teaches that, as societies expand and develop, men will grow lazier, greedier, and more prone to vice and corruption. “Great treasure and great wealth will ever scorn to come among men unless you admit their inseparable companions avarice and luxury; where trade is considerable, fraud will intrude . . . his desires enlarge, his appetites are refined and his

vices increased.”⁵⁵ To people not having Hayek’s leanings but an older sensibility Mandeville’s depiction of a society teeming with hyperactive and venomous bees will look more like a dystopia than a harmonious community. Plato and his mentor Socrates would, one suspects, rather flee Athens than attempt dialogue with ruffians like these.

Scientific Materialism

The gulf between the conservative mainstream and the older Western tradition, on the one side, and the Chicago professor, on the other, is particularly visible in his view of the origins of culture. Hayek’s epistemology and methodology are akin to the empiricism of contemporary sociology and psychology. The economist was influenced by the Vienna Circle, especially the Austrian philosopher Ludwig Wittgenstein, his older cousin and early guide.⁵⁶ The Vienna positivists were an elite group of early twentieth-century intellectuals who aimed to eliminate metaphysics and considerations of so-called “higher values” from academic disciplines. A close associate was Bertrand Russell, the British mathematician who became a lightning rod because of his countercultural social theories and anti-Christian polemics.⁵⁷ In several instances, Hayek relies on Russell’s scientific reasoning.⁵⁸ It already has been mentioned that Hayek views the process of social and moral evolution as analogous in some ways to Darwin’s theory of biological evolution found in *The Origin of Species*. Here, Hayek’s analysis of the roots of mankind’s cultural adaptations is quite broad and speculative. Unlike Charles Darwin, who presented a sizeable body of data from his personal field observations, the Chicago economist offers little empirical evidence but all the

⁵⁵ Bernard Mandeville, *The Grumbling Hive or Knaves Turn’d Honest; The Fable of the Bees or Private Vices, Publick Benefits* (Indianapolis: Liberty Classics, 1988) v. I, 17-36, 41-57.

⁵⁶ Alan O. Eberstein. *Friedrich Hayek: A Biography* (New York: St. Martin’s Press, 2001), 245.

⁵⁷ David Peterson, “Bertrand Russell: Prophet of the New World Order,” *New Oxford Review* (June 2000), 35-40.

⁵⁸ See F. A. Hayek, *The Sensory Order* (Chicago: University of Chicago, 1972; originally published 1952). See also Bertrand Russell’s two books *Analysis of Mind* (London: Allen and Unwin, 1921) and *Analysis of Matter* (London: Allen and Unwin, 1927).

more conjecture. When speaking of ancient cultures, Hayek is quite willing to give religion credit for having introduced practices that were advantageous for the survival of primitive civilizations:

We owe it partly to mysticism and religious beliefs . . . that beneficial traditions have been preserved and transmitted at least long enough to enable those groups following them to grow, and to have the opportunity to spread by natural or cultural selection. This means that, like it or not, we owe the persistence of certain practices, and the civilisation that resulted from them, in part to support from beliefs which are not true—or verifiable or testable—in the same sense as are scientific statements, and which are certainly not the result of rational observation.⁵⁹

He also argues that many long-held traditions are outdated and unsuitable. He suggests that in modern societies some attitudes with deep roots in traditional religious faith may undermine liberty and usher in repression, one possible route on “the road to serfdom.” He also believes alterations in “accepted” morality are necessary and indispensable. Hayek is convinced that some formerly esteemed virtues have become obstacles to achieving the material progress essential for his Great Society. It seems that a Christian-based culture nourishes certain ‘social instincts’ that are unsuitable and throw sand in the gears of commercial societies. Among these instincts are *solidarism* (a concern for the overall welfare of a community) and *altruism* (a charitable and self-sacrificing disposition toward one’s neighbors). According to Hayek, “It is these two instincts, deeply imbedded in our purely instinctive or intuitive reactions, which remained the great obstacle to the development of the modern economy.”⁶⁰

In *The Fatal Conceit*, Hayek tells us that, at the start of the eighteenth century, many traditional social “instincts” finally broke down and gave way to a reformed culture that fully embraced self-interest. It was in towns where attitudes were tolerant of such a shift that capitalism as we know it devel-

Virtue of charity to be replaced by self-interest.

⁵⁹ *Fatal Conceit*, 136-37.

⁶⁰ F. A. Hayek, *Knowledge, Evolution, and Society* (London: Adam Smith Institute, 1983), 29-31. In *Mirage*, 111, Hayek remarks, “A Great Society has nothing to do with, and is in fact irreconcilable with ‘solidarity’ in the true sense of unitedness in the pursuit of known common goals.” See also *Fatal Conceit*, 64.

oped.⁶¹ For freedom to survive, he says we must disavow well-established biblical virtues revered over the past two thousand years. The terms “solidarism” and “altruism” can be seen as describing aspects of the Greek *agape* or charity, and of fundamental principles in the Old Testament, the Gospels, and the Ten Commandments. The two virtues are the moral bedrock of the social and political thought of Western civilization as well as of many Oriental and non-Western traditions. Yet, for Hayek, true liberty enables individuals to pursue their own self-interest and does not require the virtues of charity and solidarity. It seems inevitable that many Christians and other traditional thinkers would be skeptical of such a program.

The relation of Christian belief and culture to the development of knowledge and modern science remains a contentious issue today. In the last two centuries, intellectuals were eager to unearth the “baleful” effects of religious faith. Leading minds, including Montesquieu and Max Weber, have identified the period following the Protestant Reformation as a time of greater openness to increased commercial activity. European states relaxed the strict codes that forbade lending money at interest, as well as other trade restrictions. In his discourse on the development of competitive markets, Hayek concedes that in the old civilizations religion was instrumental in introducing common moral norms that protect individuals and facilitate commercial society. However, his assessment of religion seems to underestimate the extent to which Christian cultural innovations were successful in transforming the barbarian world. Instead, Hayek stresses that doctrines of the early Church created impediments to a prosperous society. Some of the Christian views that inhibited trade and commerce were derived largely from Aristotelian mistakes:

The repercussions of Aristotle’s systemisation of the morals of the micro-order were amplified with the adoption of Aristotelian teaching in the thirteenth century by Thomas Aquinas, which later led to the proclamation of Aristotelian ethics as virtually the official teaching of the Roman Catholic Church. The anti-commercial attitude of the mediaeval and early modern Church, condemnation of interest as usury, its teaching of the just price, and its contemptuous treatment of gain is Aristotelian through and through.⁶²

⁶¹ *Fatal Conceit*, 47.

⁶² *Ibid.*

In Hayek's opinion, Christian civilization was for centuries handicapped by its reliance on the Aristotelian and Platonic traditions. An epoch of commercial dormancy, from the fourth century until the early European Renaissance, marked a retreat from the more realistic attitudes of pagan societies, such as that of the Romans. Already in classical antiquity, writes Hayek, there was "the formulation of an essentially individualist, private law with the recognition of private property and contract." He adds:

For Hayek, Christian civilization was long handicapped by reliance on Aristotelian and Platonic traditions.

This commercial spirit was temporarily—I'm afraid I agree here with Gibbon—destroyed under the influence of Christianity and again revived in modern times. By the eighteenth or early nineteenth centuries, these new morals, which I will call the 'commercial' morals, had, in the Western industrial world, spread almost universally. . . .⁶³

The salutary role that specifically Christian virtues and beliefs have played in the rise of science, industry, and modern commercial societies has been elaborated by reputable scholars in the social sciences and other academic disciplines. A number of scholars believe that features of Christian culture, particularly the emphasis on the value of every human being, were critical in the rise of modern industrial societies. According to scientists such as Pierre Duhem and the Catholic physicist Father Stanley Jaki, the evidence demonstrates that Christian thought was a crucial element in the development of scientific reasoning and of a modern liberal order. In several books, Jaki describes how a Christian understanding of nature, and Christian beliefs about the universe, provided an indispensable catalyst.⁶⁴ Christian society was a unique environment that fostered the spirit of science, invention, and the use of technology, each of which was essential to the rise of industrial civilization. Science remained stillborn in the world's other great cultures. Jaki points to features of Christian society that allowed science to flourish on the European continent. In *The Road of Science and the Ways to God*, Jaki draws attention to these key elements: the Christian idea of *Imago Dei* (that each and every person is created in the image of God

⁶³ *Evolution, Knowledge and Society*, 33.

⁶⁴ Stanley L. Jaki, *The Road of Science and the Ways to God* (Edinburgh: Scottish Academic Press, 1978), 21-26, and Stanley L. Jaki, *Scientist and Catholic: Pierre Duhem* (Front Royal, VA: Christendom Press, 1991), 74-81.

and endowed with worth and creativity); the idea that time is linear and quantifiable (which has proved to be crucial for the belief in development, growth, and progress); and the idea that God is rational and the universe part of a discoverable order.⁶⁵ We may add that Christian culture provided an enduring and reliable moral framework.

What helped foster science and industry led also to the vast increase in wealth and in the world's population. Rapidly changing conditions have also created new challenges. Modern societies display tendencies that have damaged moral culture and made men and women fail to exercise good judgment. Contemporary dangerous threats to human dignity, freedom, the environment, and much else are all part of this same dynamic. Writing in 2011 in the journal *First Things*, Edward Skidelsky describes the abrupt change in the Western moral landscape particularly since the end of the eighteenth century. During the following centuries moral virtues, ostensibly outdated, were gradually abandoned, leaving a host of unintended consequences. According to Skidelsky, this "revolution was accompanied by another, even deeper revolution of ethical thought, which was eventually to become known as Utilitarianism." The newer attitudes of the educated elites have altered the debate:

[S]ophisticated minds today find it hard not only to see the love of money as a vice, but to see how anything *like* the love of money could ever have been regarded as a vice. "Greed" has been relegated, along with "lust" and "perversion," to the margins of moral language, where only priests and rabble-rousers seek to rummage.⁶⁶

The new belief system is entrenched in academic and professional circles and dominates political and economic thought. The use of terms like "greed" or "lust" to describe moral flaws has all but disappeared. According to Skidelsky, "the phasing out of avarice," underway since the publication of Smith's *Wealth of Nations*, "had the effect of stripping economic activity of its ethical character, and of rendering it morally indifferent,"

⁶⁵ Paul Haffner, *Creation and Scientific Creativity* (Front Royal, VA: Christendom Press, 1991), 14-18, 34-41.

⁶⁶ Edward Skidelsky, "The Emancipation of Avarice," *First Things* (May 2011), 34.

except for overt theft or fraud.⁶⁷ The shift in attitudes toward accepting greed and lust has a long history, but in the last forty years it has become a tidal wave. Yet the “transvaluation of values” that Skidelsky finds regrettable is from Hayek’s point of view largely harmless or welcome.

Since the Roman epoch, Christendom strongly opposed life as a quest for pleasure. It rejected the degenerate lifestyle of the pagan elites. Over many centuries, the classical and Christian traditions recognized the need to limit merely selfish striving and promote the common good as distinguished from the good of partisan interests, whether collective or individual. With regard to society’s least fortunate, Christianity fostered a spirit of charity. Although the admonition to be charitable was addressed first of all to the individual, it applied in some measure also to social institutions including the state. Making provisions for the poor, aged, and infirm was ubiquitous throughout the Middle Ages—a responsibility that was customarily shared between church and state. When alternatives were lacking or insufficient, there was a need for the state to assist. Since the reign of Constantine, priests, ministers, and religious orders were esteemed for practicing and teaching the advantages of healthy self-denial and love of the poor. Beginning with *Rerum Novarum* (1891), Catholic social encyclicals have called on societies to rise above maximizing pleasure and the empty and fleeting satisfaction that it brings. The following are statements from papal appeals that affirm the benefits of democratic rule and free enterprise, but that also recognize that they bring corresponding problems and moral dangers. The church has called upon world leaders to seek divine guidance and to protect liberty by embracing transcendent moral values. As recently as in the encyclical *Caritas in Veritate*, Pope Benedict XVI comments,

Classical and Christian traditions recognized need to limit merely selfish striving.

The conviction that man is self-sufficient and can successfully eliminate the evil present in history by his own action alone has led him to confuse happiness and salvation with immanent forms of material prosperity and social action. Then, the conviction that the economy must be autonomous, that it must be shielded from “influences” of a moral character, has led man to abuse the economic process in a thoroughly destructive way. In the long term these convictions have led to economic,

⁶⁷ *Ibid.*, 37.

social and political systems that trample upon personal and social freedom, and are therefore unable to deliver the justice that they promise.

Benedict adds:

The transition inherent in the process of globalization presents great difficulties and dangers that can only be overcome if we are able to appropriate the underlying anthropological and ethical spirit that drives globalization towards the humanizing goal of solidarity. Unfortunately this spirit is often overwhelmed or suppressed by ethical and cultural considerations of an individualistic and utilitarian nature. . . .⁶⁸

In and of itself, the market is not, and must not become, the place where the strong subdue the weak. . . . Admittedly, the market can be a negative force, not because it is so by nature, but because a certain ideology can make it so. It must be remembered that the market does not exist in the pure state. It is shaped by the cultural configurations which define it and give it direction. Economy and finance, as instruments, can be used badly when those at the helm are motivated by purely selfish ends.⁶⁹

In the 1991 encyclical *Centesimus Annus*, Pope John Paul II comments, "It must be observed . . . that if there is no ultimate truth to guide and direct political activity then ideas and convictions can easily be manipulated for reasons of power. As history demonstrates, a democracy without values easily turns into open or disguised totalitarianism." The pontiff suggests a morally centered society: "Such a society is not directed against the market, but demands that the market be appropriately controlled by the forces of society and by the State, so as to guarantee that the basic needs of the whole of society are satisfied."⁷⁰

America's founders were not Roman Catholics, but they stood in a tradition with deep moral roots in the same moral heritage. They were part of an elite thoroughly grounded in classical literature and philosophy and Christian culture. They exalted the rights and freedoms of Englishmen and the moral teachings of Christianity. They recognized a moral duty to try to live in harmony with others, sharing responsibilities in their communities. In the U.S. Constitution, references to "the general welfare" occur both in the body of the text and

⁶⁸ Pope Benedict XVI, *Caritas en Veritate*, *Encyclical Letter* (Boston, MA: Paulist Books, 2011), Chapter III, paragraph 34.

⁶⁹ *Ibid.*, paragraph 36, 42.

⁷⁰ Pope John Paul II, *Centesimus Annus*, *Encyclical Letter* (Boston MA: Paulist Books, 1991), 22-25.

in the preamble. There can be no doubt that the founders believed that ordered liberty can exist only where people practice moral virtue and self-control. To paraphrase William Campbell, freedom needs moral character—not *characters*.⁷¹ For genuine freedom and a just society or a good republic to be possible, egoistic and merely impulsive behavior must be controlled. The founders believed that the nation had benefitted from the providence of a Supreme Being. They were eager to confirm that religion, specifically Christianity, was vital to public morality—and to a republic devoted to the exercise and preservation of liberty. James Madison, in a famous statement to the Virginia legislature in 1785, declared: “It is the duty of every man to render to the Creator such homage. Before any man can be considered as a member of Civil Society, he must be considered as a subject of the Governor of the Universe.”⁷²

*America's
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self-control.*

The first Treasury Secretary and hero of the Revolutionary War, Alexander Hamilton, helped to establish the Christian Constitutional Society. In 1802 he wrote in a letter to co-founder James Bayard, “I have carefully examined the evidences of the Christian religion, and if I was sitting as a juror upon its authenticity I would unhesitatingly give my verdict in its favor. I can prove its truth as clearly as any proposition ever submitted to the mind of man.”⁷³

In his Inaugural Address to Congress in 1789, George Washington declared with his hand on a Bible:

Such being the impressions under which I have, in obedience to the public summons, repaired to the present station; it would be peculiarly improper to omit, in this first official act, my fervent supplications to that Almighty Being who rules over the universe, who presides in the councils of nations and whose providential aids can supply every human defect; that

⁷¹ William F. Campbell, “Towards a Conservative Economics,” *Modern Age* (Winter 1982): 36.

⁷² James Madison, “Memorial and Remonstrance Against Religious Assessments”; Statement to the Virginia Delegation, 1785; www.milestonedocuments.com/documents/view/james-madisons-memorial-and-remonstrance-against-religious-assessments (accessed 7/15/13).

⁷³ Alexander Hamilton, “Letter to the Christian Constitutional Society, James Boyard 1802”: www.thefederalistpapers.org/founders/hamilton/alexander-hamilton-letter-to-james-bayard-april-16-21-1802 (accessed June 19, 2013).

His benediction may consecrate to the liberties and happiness of the People of the United States a Government instituted by themselves for these essential purposes: and may enable every instrument employed in its administration to execute with success, the functions allotted to his charge.

Since we ought to be no less persuaded that the propitious smiles of Heaven can never be expected on a nation that disregards the eternal rules of order and right which Heaven itself has ordained; and since the preservation of the sacred fire of liberty and the destiny of the Republican model of Government are justly considered as deeply, perhaps finally, staked on the experiment entrusted to the hands of the American people.⁷⁴

Freedom and the Common Good

Professor Hayek's energetic efforts on behalf of preserving liberty helped win him many admirers. His insistence that freedom is a precious jewel in need of protection is wise and timeless, as were his early alarms about serious and debilitating waste of public resources in modern democracies. He also describes accurately the perils of living in a state beholden to special interest lobbies or other potentially unscrupulous people. But is Hayek's recipe of negative freedom an effective antidote to these dangers? It is not clear that a minimal state carrying out only certain specified functions is best suited for dealing effectively with all historical circumstances, such as the complex difficulties of the twenty-first century. Recent history seems to show that a secular society that lacks any permanent, widely respected moral guideposts has great difficulty maintaining ordered liberty. Spreading moral nihilism and relativism and an escalating clash of demands and interests threaten to unleash social conflict and disintegration, calling to mind Hobbes's "war of each man against every other." As traditional standards fade, each person feels no qualms about following shifting popular tastes or adopting whatever standards he or she imagines to be favorable to self without any sense of higher obligation. In a commentary on Hayek on the occasion of the fiftieth anniversary of his *Road to Serfdom*, Ralph Ancil argues that the emphasis on "choice" without a commitment to enduring moral standards above economic self-interest cannot

⁷⁴ George Washington, "Inaugural Address to Congress" 1789; www.archives.gov/america_original/inaugtxt.html (accessed January 10, 2014).

sustain liberty:

No distinction is made between economic ‘values’ and social or moral values in Hayek’s thinking. Hence, no distinction is seen between a limited economic sphere where freedom of choice is reasonably allowed and moral values where agreement transcending individual preferences is vital to the community, a vitality which is also important to the individual even if he disagrees. . . . Each go-around, however, involves an ever-widening circle of social and moral destruction as more and more spheres of human action are brought under the umbrella of the arbitrariness of personal preferences (total subjectivism). . . .⁷⁵

This, says Ancil, leads to arbitrary action and tyranny in government:

Man is simply not capable of living in the absence of objective, transcendent standards to which he must submit. . . . What is needed is a society committed to honoring and encouraging the spiritual even in the economy. But this requires a belief that moral values are objective, not subjective like preferences in ice cream flavors.⁷⁶

Many authors have observed that a vision of personal “liberation” was the rationale for the hedonistic culture of the late 1960s—a radical rejection of the old Western traditions. The postmodern concept of freedom with its abandonment of every higher standard is sometimes rendered as *libido dominandi* (“lust for domination” or “will to power”). Hayek, for his part, is not quite willing to dispense entirely with the idea of moral “principle.” In the following passage he identifies “moral rules for collective action” almost exclusively with free choice. Such rules, he writes,

Morality identified almost exclusively with free choice.

are developed with difficulty and very slowly. But this should be taken as an indication of their preciousness. The most important among the few principles of this kind that we have developed is individual freedom, which it is most appropriate to regard as a moral principle of political action. Like all moral principles, it demands that it be accepted as a value in itself, as a principle that must be respected without our asking whether the consequences in the particular instance will be beneficial. We shall not achieve the results we want if we do not *accept it*

⁷⁵ Ralph Ancil, “Hayek’s Serfdom: Fifty Years Later, The Legacy of Wilhelm Röpke,” *Essays in Political Economy* (Philadelphia: The Wilhelm Röpke Institute, 1994), 10-11.

⁷⁶ *Ibid.*

as a *creed* or presumption so strong that no considerations of expediency can be allowed to limit it.⁷⁷

Hayek is, in other words, willing to grant an exception to his opposition to moral principles being treated as if they had an intrinsic authority, higher than that of convention. The right to personal choice must be treated as a fundamental and self-authorizing highest good. Individual freedom is a condition so crucial that it must be viewed as a “value in itself.” It must not be limited except minimally and only to promote freedom. But this desire to make individual freedom an end in itself represents a sharp break with the older Western moral and political tradition. Few would deny that a right to make one’s own decisions is an aspect of genuine freedom, but most traditional intellectual authorities have been quick to point out, as Edmund Burke famously does, that people are “qualified” for freedom only in proportion to their inclination to put checks on their appetites. People of intemperate minds cannot be free. The American founders agreed with Burke.

In recent decades freedom understood as the right to pursue one’s own ends without any consideration of a higher standard has had destructive consequences. This change in the Western understanding of morality can actually be seen as a cautionary tale. No one would suggest that the sedate and well-mannered Professor Hayek had any sympathies for the antics of the late sixties radicals and anarchists. Yet their desire for unlimited, unconditional freedom might seem to resemble his. Not only Hayek but an articulate and influential faction of libertarians have endorsed a virtually unbridled liberty and advanced a credo of “doing your own thing.” Although many thinkers equate this type of personal “liberation” with liberty, to people of a more traditional outlook and sensibility this view of freedom seems to be little more than a device to make decadence look respectable. Elevating the right to personal choice to the *summum bonum* has worked its consequences in society for a few generations and has eroded or destroyed many of the moral and other prejudices upon which social order rests and upon which even the market depends for its orderliness. For instance, activists have campaigned for “freedom” to sell and use addictive

⁷⁷ Hayek, *The Constitution of Liberty* (Chicago: Regnery Gateway, 1972; 1960), 68 (emphasis added).

drugs like cocaine, LSD, and heroin. In American communities public and private schools have taught school children an “enlightened,” “progressive,” and tolerant curriculum, including how to engage in sex, along with indoctrination that casual sex is natural and early experimentation is normal and healthy. Freedom has come to mean promoting the acceptance of choices that only recently in Western history were deemed inhumane. Permitting elective abortions, assisted suicide, prostitution, and other violations of age-old norms has been justified as required by “human rights.” One recalls the remark of a renowned American filmmaker and comic when asked about his plans to wed a teenage girl—some 30 years his junior—who was also his adopted daughter: “The heart wants what the heart wants.”⁷⁸

Esteemed philosophers and theologians in the West have stressed the tension in man between the sometimes evil impulse of the moment and what will realize his higher nature. Man must learn to check his lower desires for the sake of a genuine, enduring good. Freedom will often be misused, but it is properly the means to the higher end of human existence. There is, in other words, a higher and a lower form of freedom. The latter serves the selfish ego, while the former serves what is good both for the acting person and for all involved. Freedom can be used to pursue self-destructive and ignoble ends, such as the *libido dominandi*, the will to power over others for its own sake. The American founders were acutely aware of the danger of tyrannical rulers and laws. They embraced the idea of rule for the benefit of society as a whole and conceived of freedom accordingly.

Lower form of freedom serves the selfish ego; higher form serves what is good for the acting person and for all involved.

One way of approaching Hayek’s rejection of the traditional notion of politics as the pursuit of the common good is to consider his unease with the idea of the social assistance state. He disdains what is often called “social justice.” His attitude is to some extent understandable. He associates the term with socialist schemes of social engineering that he knows to be ill-conceived, inefficient, wasteful, and counterproductive. It should be conceded that so-called Catholic social thought has sometimes flirted with or seemed to flirt with the idea of social engineering and to exhibit simple ignorance of basic principles

⁷⁸ Woody Allen, interview with Walter Issacson, *Time Magazine*, August 31, 1992.

of economics. But Hayek's dislike for "social justice" goes further. It extends to disapproval of the idea that a society might operate according to any higher motive than individual interest. While he recognizes the "principle" of freedom of choice as sacrosanct, he will not admit that a higher moral order might justify paying heed to something more than individual satisfaction and economic efficiency.

Today a variety of scholars and responsible political leaders have concluded that poorly designed or excessive public assistance programs can damage a society, including those whom the programs were adopted to help. Such failures might seem to discredit the idea of social welfare. But Hayek's dismissal of virtually all such efforts exemplifies his rejection of the old Western idea that human beings are morally obligated to pursue a "common good" that is more than the aggregate of each individual's narrow self-interest.⁷⁹ While a doctoral student, Hayek began a fruitful collaboration with Ludwig von Mises, a University of Vienna economist who later emigrated to the United States. Mises was a systematic and sharp critic of socialism. Like von Mises, Hayek worked diligently throughout his life to show that liberty and free markets are incompatible with socialism. He also set out to demonstrate that the concept of social justice was deeply flawed: a "fatal conceit" that has unleashed a "grave threat to civilisation."⁸⁰ Because of his failure to recognize a supra-individual dimension of social and political life, he seems to have assumed that Catholic talk of "social justice" was of the same socialist kind. Political developments in Europe following World War I made Hayek deeply suspicious of governments and convinced him that most state initiatives pose a grave danger—whether they originate from the left or the right.⁸¹ He had no objections to government carrying out certain "essential" functions, including the provision of police and courts, and meeting the needs of national defense. However the duties of a state should, he believed, be strictly limited and spelled out in advance. The grand arena of economic competi-

⁷⁹ *Mirage*, 114-15; see footnote 36 above. In these paragraphs, the economist contends that the "common good" is an "abstract order" which is established when each individual can rely on specific well-defined laws.

⁸⁰ *Fatal Conceit*, 117-19; *Mirage*, 111.

⁸¹ Jerry Z. Muller, Presentation on F. A. Hayek, Cato Institute Book Forum: "F. A. Hayek: A Biography" by Alan Ebenstein, May 8, 2001, 13.

tion or “catallaxy” is the ideal environment for expressing each person’s wants and needs. Properly understood, competition is, he argues, all that is required; an unrestrained free market provided it is supported by the rule of law is the precondition for a just society; unlike government, markets by definition are disinterested. Free-trade theory provides an *a priori* paradigm for society. The free market is equitable. It favors no special interests, just healthy rivalry. It rises above the pettiness, bickering, and contest over spoils that the economist found so distasteful in a liberal democratic order. Regarding those genuinely in need, Hayek was generally sanguine that private donations were the best way to help. However, he did find some forms of state assistance for persons “threatened by the extremes of indigence or starvation,” acceptable. His rationale does not really conflict with his warnings about the ills of public charity.

What we now know as public assistance or relief, which in various forms is provided in all countries, is merely the old poor law adapted to modern conditions. The necessity of some arrangement in an industrial society is unquestioned—be it only in the interest of those who require protection against acts of desperation on the part of the needy.⁸²

Concerning social insurance, his ideas appear somewhat contradictory. The economist was aware that social security, unemployment compensation, disability, and other forms of state assistance respond to valid concerns that have led to a variety of government initiatives. He states: “[T]he justification for the whole apparatus of ‘social security’ can probably be accepted by the most consistent defenders of liberty.”⁸³ Nevertheless in practice, Hayek opposed almost all existing state-sponsored social assistance as coercive and inconsistent with liberty, and he predicted that it would bring on a catastrophe.⁸⁴ Existing state insurance can be tolerated, it seems,

⁸² *Constitution*, 285.

⁸³ *Ibid.*, 286.

⁸⁴ F. A. Hayek, *The Road to Serfdom, The Collected Works of F. A. Hayek*, Vol. II, edited by Bruce Caldwell (Chicago: University of Chicago Press, 2007; original 1944), 152-56; see also *Constitution of Liberty*, 410, 420-21. See also *Mirage*, 142-43, where Hayek explains:

The current endeavor to rely on a spontaneous order corrected according to principles of justice amounts to an attempt to have the best of two worlds which are mutually incompatible. Perhaps an absolute ruler, wholly independent of public opinion, might confine himself

only when it is “temporary in nature,” to be “terminated” as soon as a private insurance system can take over. The economist explains that “social ‘insurance’ [was] a misnomer even in the early days of these schemes” and “has since lost whatever resemblance to insurance it may ever have had.” Although it was not the original purpose, Hayek is convinced that “a redistribution of incomes . . . has now become the actual and admitted aim everywhere.”⁸⁵ He taught in addition that, by diverting resources from the market, such state policies will cause an array of inefficiencies and—not long after—a protracted depression as economic growth grinds to a halt. Instead of state insurance he favors private “contractual” solutions, which would evolve as individuals and free markets respond to private and local needs.⁸⁶

It has been suggested that some of Hayek’s views reflect a tendency to see only one side of a controversy.⁸⁷ After his success with *The Road to Serfdom*, “he tended to overreach,” says Robert Solow, a Nobel Prize-winning economist (1987) and professor emeritus at MIT. “It would be perverse,” he adds, “to read into history, that the standard regulatory interventions in the economy have any inherent tendency to snowball into “‘serfdom.’” Sixty-five years later, Hayek’s prediction is a failure, Solow contends, rather like Marx’s forecast of the coming “‘immiserization of the working class.’”⁸⁸ In the decades that followed the appear-

to mitigating the hardships of the more unfortunate ones by isolated acts of intervention and let a spontaneous order determine the positions of the rest. And it is certainly possible to take entirely out of the market process those who cannot adequately maintain themselves on the market and support them by means set aside for the purpose. . . . But a government dependent on public opinion, and particularly a democracy, will not be able to confine such attempts to supplement the market to the mitigation of the lot of the poorest. Whether it intends to let itself be guided by principles or not, it is in fact, if it has the power to do so, certain to be driven on by the principles implicit in the precedents it sets. By the measures it takes it will produce opinions and set standards which will force it to continue on the course on which it has embarked. . . . As it is the essence of justice that the same principles are universally applied, it requires that government assist particular groups only in conditions in which it is prepared to act on the same principle in all similar instances.

⁸⁵ *Constitution*, 288-89.

⁸⁶ *Ibid.*, 304-305.

⁸⁷ Muller, 12-15.

⁸⁸ Robert Solow, “Hayek, Friedman and the Illusions of Conservative

ance of *The Road to Serfdom* in 1944, social insurance garnered considerable success and popularity. Every Western democracy adopted a broad array of social insurance, including measures to assist the elderly and the handicapped, and to aid the poor and unemployed. While serious questions have emerged about the financial sustainability of this system, political leaders make solemn commitments to save and strengthen social welfare, not abolish it. Hayek's warnings have been largely ignored. Many observers contend that his views of the danger of state action were exaggerated. Speaking at a 2001 Cato Institute symposium devoted to his legacy, Jerry Z. Muller noted that Hayek saw the intrinsic weaknesses of the welfare state at a time when few others did, but that such "intrinsic weaknesses" are "quite different from fatal flaws." Muller added that "Hayek's vision was intense because he had a propensity to tunnel vision . . . His focus was so narrow and ideological."⁸⁹

It has not been the purpose of this article to assess whether Hayek's resistance to state interference in the market has been proven wrong. It might seem that Hayek's forecast that a social safety net and government interference in the economy lead inexorably to a Soviet style dictatorship has proved unfounded. Yet who could dispute that the vast expansion of government, not just in the area of social welfare, since the publication of *The Road to Serfdom* has undermined traditional liberties? And do the protracted recessions or slow economic growth since 2008 exemplify the truth in Hayek's prediction that sooner or later the economic drain and inefficiencies of an elaborate social welfare system would depress the economy? Be that as it may, Hayek's writings anticipated many of the problems of the contemporary welfare state, including runaway debt and the danger of monetary inflation.

But Hayek's resistance to social welfare policies has been cited here only as an instance of his single-minded concentration on economic freedom as an end in itself. The point has not been to argue that Hayek is right or wrong about particular policies, but to illustrate that he is not willing to concede a moral component of life that induces concern for

Hayek anticipated many of the problems of the contemporary welfare state . . .

. . . but would not concede a moral dimension that takes precedence over mere economic efficiency.

Economics"; book review of Angus Burgin's *The Great Persuasion: Reinventing Free Markets Since the Depression*, *New Republic*, Nov. 16, 2012.

⁸⁹ Muller, 14.

the common good. According to an older view, economics and property receive their highest justification when used as means to more than narrowly selfish purposes. Purely economic considerations must sometimes yield to higher considerations. For example, when an entrepreneur decides to retain an employee at the expense of his own profit he may do so not out of enlightened self-interest, to be ready for a possible business turnaround, but because it seems to the entrepreneur to be the morally responsible thing to do for a fellow human being and his family. It gives the entrepreneur a deep and special satisfaction that increasing his profit cannot provide. Government might in some circumstances analogously interfere with mere economic efficiency for the sake of a social good. By denying the existence of such a higher good, Hayek breaks with a central tenet of the Western classical and Christian tradition.

*The term
"social"
viewed as a
misnomer.*

It is possible, then, to argue that Hayek's basic formulas are defective in that they try to disconnect social policies from a moral order that transcends individual self-interest narrowly understood. There is no source of human value other than the subjective inclinations of individuals. Not even social conventions at their best reflect the influence of some transcendent, universal good. The Nobel economist is among the secular empiricists who imply that the very notion of a community interest is a fallacy. Because they contend that each person is morally autonomous, they think that the term "social" is a misnomer. There are only the goods of specific individuals. According to Hayek, a phrase like the "welfare of a community" is dangerous because an individual with a unique consciousness is able to perceive no more than what welfare is for him. Social justice is actually a "weasel word," a muddleheaded phrase often used by devious people bent on using the power of the state for personal gain.⁹⁰

What we have to deal with in the case of 'social justice' is simply a quasi-religious superstition of the kind which we should respectfully leave in peace so long as it makes those happy who hold it, but which we must fight when it becomes the pretext of coercing other men. And the prevailing belief in 'social justice' is at present the gravest threat to most other values of a free civilization.⁹¹

Hayek sees here an imminent danger to liberty:

⁹⁰ *Mirage*, 137; *Fatal Conceit*, 114-17.

⁹¹ *Mirage*, 66-67.

So long as the belief in 'social justice' governs political action, this process must progressively approach nearer and nearer to a totalitarian system. . . . 'Social justice' can be given a meaning only in a directed or 'command' economy (such as an army) in which the individuals are ordered what to do; and any particular conception of 'social justice' could be realized only in such a centrally directed system. . . .⁹²

It is evident that different societies will have wide latitude in the way that they formulate and implement laws and rules of conduct. However, Hayek seems not to recognize that, whenever a people begins to sense that there is no genuinely moral commitment behind notions of equity and justice, their regard for the law is undermined. As long as common interests viewed as more than just a collection of partisan interests govern societies, these societies develop and strengthen. A trend in the opposite direction can have a devastating effect. As long as a genuinely moral capital—a belief in more than narrowly selfish interest—acts as a binding, harmonizing force, liberal capitalism can indeed serve the common good as well as the private good of individuals and groups. Hayek and his supporters contend that, when the same rules apply to all, the outcome is just, which they consider to be the most sensible of possible worlds. What they do not consider is that in a society that is losing a sense of a non-utilitarian, communal good and in which the pursuit of individual interest is becoming more and more blatant, the society may lose its moral bearings and evolve into a tyranny where wealth and power reign over the weak and defenseless. Such a development brings to mind the discussion of justice in chapter one of Plato's *Republic*, where a prominent Athenian sophist tells Socrates what he thinks is the meaning of justice. An early exponent of the pleasure philosophy, Thrasymachus maintains that justice is simply an order or situation where everyone pursues self-interest. For Thrasymachus, 'the just' is doing whatever is to the advantage of the stronger (i.e., the more determined, capable, aggressive) person. In practice, complying with strength is justice.⁹³

America's founders retained the old idea of the common good, and there is scant evidence that they believed that the

Belief in more than narrowly selfish interest required for free market to serve the common good.

⁹² Ibid., 68-69.

⁹³ Plato, *The Republic*, translated by Allan Bloom (New York: Basic Books, 1968), 14-18.

workings of a commercial market would be sufficient to foster a just society. They saw a close connection between moral virtue—understood in a traditional, usually Christian, way—and liberty. When liberty is perceived as a synonym for pursuing individual preferences without regard for social responsibilities, there is nothing to counteract a decline of liberty. Standing in contrast to Lockean liberalism, wrote George Carey, “was republicanism’s emphasis on the deliberate and voluntary pursuit of the common good” and the view that “the public welfare was the exclusive end of good government and demanded a constant sacrifice of individual interests to the greater needs of the whole.”⁹⁴ Quoting Robert Shalhope, Carey adds that virtuous behavior, an “essential prerequisite for good government,” was greatest in a society marked by a high degree of “frugality, industry, temperance, and simplicity.” Conversely, he points out that “republican beliefs held that ‘luxury’ and ‘easily acquired wealth’ undermine the moral fabric of society.”⁹⁵ Clearly, says Carey, “such understandings of virtue and vice do not keep house with liberalism,” if by the latter is meant “the pursuit of individual economic interest, with the ‘public good’ or the ‘commonweal’ arrived at only as an indirect outcome of fundamentally private, self-interested actions.”⁹⁶ Agreeing with Barry Shain, Carey remarks that in the early republic the notion of autonomous individualism “was simply not part of the political or social culture of the times.”⁹⁷ He quotes Shain’s observation that “Americans of the period were profoundly shaped by . . . the family, the neighborhood, a religious congregation,” and other local institutions.⁹⁸ Shain speaks about a “communal norm” that was based on a moral vision derived from reformed Protestantism. The modern liberalism that ignores the “commitment” to this “moral vision” provides “an incomplete and flawed understanding” of the idea of the public good that was a prominent feature of liberty for the

⁹⁴ George Carey, “America’s Founding and Limited Government,” *Intercollegiate Review* (Fall 2003/Spring 2004): 17-18.

⁹⁵ *Ibid.*, 18, quoted from Robert E. Shalhope, “Douglass Adair and the Historiography of Republicanism,” in *Fame and the Founding Fathers*, ed. Trevor Colbourn (New York: W. W. Norton, 1974).

⁹⁶ Carey, “America’s Founding,” 18.

⁹⁷ *Ibid.*, quoted from Barry Alan Shain, *The Myth of American Individualism* (Princeton NJ: Princeton University Press, 1994), 327.

⁹⁸ *Ibid.*, quoted from Shain, 327.

early Americans.⁹⁹ As to the question of whether the republic was rooted in virtue or self-interest, Carey believes that it was rooted in both. But the original documents make clear that, for the founders, “Christianity served as an excellent source for the moral foundations of the system.” The cultivation of moral virtue was vital to their concept of government.¹⁰⁰

It is understandable that American post-World War II conservatism with its opposition to the growth and centralization of federal power should have made Friedrich von Hayek, a powerful advocate of limited government, into an iconic figure. Yet it is also revealing that not very much has been made of Hayek’s claim not to be a conservative. One might have thought that intellectuals of traditional bent, especially Catholics, would have been quick to warn of a major flaw in Hayek’s thinking on morality. It is suggestive of a preoccupation with economics, and with economics of a certain kind, that most American conservatives have chosen to ignore a key element of his thought that puts him at odds with a central theme in the classical and Christian tradition: that economic well-being and individual interest are not everything or even the main thing. There is a universal moral dimension that trumps partisan considerations and that should influence economic activity itself, for the sake of a common good. In this article the tradition of natural law has been cited to bring out the tension between Hayek’s thought and an older Western point of view, but it is not necessary to be a follower of Aquinas to find Hayek’s moral speculation deficient. It should be conceded that in his emphasis on individual freedom and moral choice Hayek is evincing an appreciation for the uniqueness of persons and their circumstances that was, if not missing in more traditional thought, at least not sufficiently acute. But in playing up the individualistic aspect of human nature Hayek loses sight of the supra-individual aspect of life that gives man his full humanity. For that reason, it is not possible to regard him as a reliable guide on the ultimate philosophical questions, and this deficiency may have adversely affected even his more strictly economic thinking.

There is a universal moral dimension that trumps partisan considerations and that should influence economic activity.

⁹⁹ Ibid.

¹⁰⁰ George Carey, “Moral and Political Foundations of Order,” *Modern Age* (Winter 1985): 74-75; A Review of *American Political Writing During the Founding Era: 1760-1805*, compiled by Charles S. Hyneman and Donald S. Lutz (Indianapolis: Liberty Press, 1983).