

F. A. Hayek on Government and Social Evolution: A Critique

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As much market as possible, as much state as necessary.

(Motto of the 1959 Godesberg-program of Germany's Socialdemocratic Party)

Thesis One:

Friedrich A. Hayek is generally known as a champion of the free market economy and an outspoken anti-socialist; indeed, Hayek's life was a noble, and mostly lonely struggle against a rising tide of statism and statist ideologies. These facts notwithstanding, however:

- (1) Hayek's view regarding the role of market and state cannot systematically be distinguished from that of a modern social democrat; and
- (2) the immediate reason for Hayek's social democratic views is his contradictory and hence nonsensical definition of "freedom" and "coercion." (Another, fundamental epistemological reason—Hayek's self-contradictory anti-rationalism—will be addressed in Thesis Two.)¹

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¹The following essay does *not* consider Hayek's achievements as an economist. As regards these, Hayek deserves great praise. But Hayek's economics is largely the one he adopted from his teacher and mentor Ludwig von Mises and thus is not original with him. What makes Hayek unique, and what fundamentally distinguishes him from Mises, is his political and social philosophy. It is this part of his work, not his contribution to economic theory, that has made Hayek famous. Unfortunately, as will be demonstrated in the following, this *original* part of Hayek's work is entirely false, however.

The Review of Austrian Economics Vol.7, No. 1 (1994): 67–93
ISSN 0889-3047

On Government

According to Hayek, government is “necessary” to fulfill the following tasks (and may acquire the means necessary to do so through taxation)²: Not merely for “law enforcement” and “defense against external enemies,” but “in an advanced society government ought to use its power of raising funds by taxation to provide a number of services which for various reasons cannot be provided, or cannot be provided adequately, by the market.”³ (Since at all times an infinite number of goods and services which a market does *not* provide exist, Hayek hands government a blank check.) Among these are “protection against violence, epidemics, or such natural forces as floods and avalanches, but also many of the amenities which make life in modern cities tolerable, most roads . . . the provision of standards of measure, and of many kinds of information ranging from land registers, maps and statistics to the certification of the quality of some goods or services offered in the market.”⁴ Additional government functions are “the assurance of a certain minimum income for everyone”⁵; government should “distribute its expenditure over time in such a manner that it will step in when private investment flags”⁶; it should finance schools and research as well as enforce “building regulations, pure food laws, the certification of certain professions, the restrictions on the sale of certain dangerous goods (such as arms, explosives, poisons and drugs), as well as some safety and health regulations for the processes of production and the provision of such public institutions as theaters, sports grounds, etc. . . .”⁷; and it should make use of the power of “*eminent domain*” to enhance the “public good.”⁸

Moreover, it generally holds that “there is some reason to believe

²See on the following in particular the *Constitution of Liberty* (Chicago: University of Chicago Press, 1960), chap. 15 and part 3; *Law, Legislation, and Liberty* 3 vols. (Chicago: University of Chicago Press, 1973–79), chap. 14.

³*Law, Legislation, and Liberty*, 3, p. 41. Compare this to John Maynard Keynes’s statement: “The most important Agenda of the state relate not to those activities which private individuals are already fulfilling but to those functions which fall outside the sphere of individuals, to those decisions which are made by *no one* if the state does not make them. The important thing for government is not to do things which individuals are doing already and to do them a little better or a little worse: but to do those things which are not done at all” (*The End of Laissez Faire* (vol. 9), *Collected Writings* [London: MacMillan, 1973], p. 291).

⁴*Law, Legislation, and Liberty*, 3, p. 44

⁵*Ibid.*, p. 55.

⁶*Ibid.*, p. 59.

⁷*Ibid.*, p. 62.

⁸*Ibid.*, pp. 62–63.