

Hayek: Theorist and Activist

by Mounir Zakriti

Hayek always presented his reconstruction of liberalism as a utopia, based on the idea of a spontaneous, self-regulating social order, against the chimera of social justice.

Reviewed: Michel Bourdeau, *La fin de l'utopie libérale. Introduction critique à la pensée de Friedrich Hayek*, Paris, Hermann, 2023, 230 pp., €24.

La fin de l'utopie libérale [The End of Liberal Utopia] provides an original, comprehensive and internalist approach to Hayek, his career and his work, following his ideas step by step. Hayek cannot be described as a mere economist, nor even as a mere theorist of liberalism: he is both a theoretical thinker and an activist, whose work cannot be understood without taking into account his hostility to socialism and economic planning, and to the concept of social justice attached to them. Hayek was also a player in history and an activist who contributed to the renewal of the theoretical and epistemological foundations of liberalism, helping to forge the matrix of what researchers today call "neoliberalism"; from the Walter Lippmann Colloquium to the Committee on Social Thought in Chicago and the Mont Pelerin Society.

This book addresses the work and thought of Friedrich Hayek by presenting a coherent overview of key concepts that enable us to reconfigure the theoretical foundations and epistemological framework of classical liberalism, with the notion of the social division of knowledge, ignorance as a definition of individualism, complexity and above all self-generated spontaneous order seen as an "organized complex system," with specific reference to the link between spontaneous order and evolution, which are said to be "twin" or even parallel ideas. Michel Bourdeau

eruditely traces the origins and structure of Hayekian traditionalist and evolutionary liberalism, from early seminal texts such as *Economics and Knowledge* (1937), to *Law, Legislation and Liberty* (1973-1979), the culmination of a truly political, albeit multi-dimensional, body of work.

Hayek against liberalism

Although the book is somewhat technical in nature (as is needed to clarify the subject matter), all the concepts are defined and explained in a way that is accessible to a wide readership, with the main difficulty being the high conceptual density. The result, however, is a success, offering not only a “critical introduction” to Hayek's thought, but also a summary of the main concepts and a reading guide. The book then examines utopianism as a strategy and political philosophy in Hayek's work from 1947 onwards, with the publication of the text *The Intellectuals and Socialism*: Hayek believes that to confront and defeat socialism, we need to turn to intellectuals, those “second hand dealers in ideas,” and spread neoliberal, or rather “authentically liberal,” ideas in the form of utopias to win over the malleable masses; next, we should turn to governments to establish the “rules of fair conduct” needed for the emergence and smooth running of the “catallaxy,” or economic order, which should be the model and paradigm for Society as a whole, thereby underscoring Hayekian pan-economism.

These are all mechanisms capable of achieving the “Great Society,” in the tradition of Adam Smith and Karl Popper, thus recreating a philosophy of history with a teleological perspective, although it is not always possible to distinguish between the descriptive or positive character, and the normative or prescriptive character: if spontaneous order is “synonymous” with, or the product of, evolutionism, and if it is “spontaneous,” then why found the Mont Pelerin Society, write a book and advocate rules of fair conduct and law to help create the “Great Society”?

In his 1949 text *The Intellectuals and Socialism*, for example, we understand that Hayek regards liberalism as a utopia, both as a political strategy and as an ideological doctrine. Michel Bourdeau's book offers a critical insight into Hayek's thought, providing us with the tools we need to decipher the contemporary political and economic world, and in particular the European treaties—so influential were Hayek's ideas in liberal circles and beyond. Michel Bourdeau reminds us of the vital distinction between economic liberalism and political liberalism as two distinct but related forms

or facets of liberalism. Political liberalism preceded economic liberalism as a thought and ideology; it consisted in limiting political power and putting an end to abuses of power by advancing the rights of individuals. Economic liberalism, on the other hand, had an immediate political significance: any government action was seen as unnecessary or even harmful interference. Yet, the Whigs of the 18th century were protectionists, and it is well known that economic liberalism adapted well to military dictatorships.

It is therefore important to emphasize that Hayek defended economic liberalism above all, taking the market economy as the paradigm of life in society, expressed as “the market overseeing the state, not the state overseeing the market.” Hayek described himself as a liberal, not a neoliberal in reference to the liberal tradition, which he presented as authentic in order to “benefit from the prestige associated with it.” This is one of the facets of Hayek's traditionalism, in addition to the fact that the rules of fair conduct are the product of traditions that should only be modified at the margins for the sake of preserving the self-generated mechanisms of spontaneous order. It should be noted that Hayek and his followers engaged in a kind of “rewriting of the history of liberalism, overlooking the fratricidal struggles waged by the various members of the great liberal family” (p. 17).

Thus, it may be useful to point out that while Hayek was openly waging a political, epistemological and ideological battle against socialism and planning in all their forms, he was also leading a fight against Keynes, whose general theory was largely dominant in Cambridge circles of economists and intellectuals. Yet Keynes also called himself a liberal and may be counted as such in the great family of liberal thinkers. Hayek also issued a kind of excommunication against John Stuart Mill, another liberal thinker and economist, on account of his “utilitarianism” and “socialist drifts.”

Hayek as theorist and activist: a crusade against socialism and socialists

The book also highlights the “prodigious influence” that Hayek's work has had well beyond economist circles and academia. He is probably one of the few economists to have produced genuine bestsellers such as *The Road to Serfdom*. Traces of his thought can be found both in Wikipedia founder Jimmy Wales and in Margaret Thatcher, who

openly claimed to have read *The Constitution of Freedom* (1960), which she brandished at a meeting of the British Conservative Party, proclaiming: “This is what we believe in.” Hayek also occupied a “unique position” thanks to his political commitment to a cause. He also had the distinction of redefining liberalism for the 20th century in a systematic way, i.e. by proposing a system of interrelated concepts with a normative and prescriptive scope, sometimes asserted, sometimes implied.

For Hayek, freedom thus became not only an “absence of coercion” by an arbitrary power that would hinder the free movement of goods and people, but also the ability to use “one’s knowledge to achieve one’s ends.” Liberalism became a utopia to be realized, with all the contradictions this implied, since Hayek rejected interventionism and constructivism while simultaneously calling for the constitution of a new form of legislation and society. For his liberal friends, utopians were socialists. Yet Hayek sought to maintain that “it is ideas that rule the world,” asserting the legacy of Hume. It was in this sense, moreover, that the “invisible hand” revisited through law and the rules of right conduct functioned as a “secularization of theodicy” (p. 21).

The theoretical and epistemological foundations of the “Great Society”

Once we have acknowledged that one of the original features of Hayek’s thought is that he posits and presents his liberalism as a utopia, we need to understand its foundations and key concepts in order to expand and clarify them—as with Hegel on this point—for Hayek’s neoliberal utopia was a “system” that asserted and called for “the courage of utopia,” recognizing that socialism could not have spread as a worldview and political program without the help and support of “intellectuals.” To gain an insight into Hayek’s thinking, we need to start with the influence that subjectivism may have had on Hayek.

The cognitive, even cognitivist, aspect of Hayekian epistemology is highlighted as early as Chapter I with a discussion of his seminal article *Economy and Knowledge* (1937). Indeed, individualism is defined on the basis that each individual has a “mental map” enabling him or her to perceive the world through representations and fragments of information. The aim of the market or catallaxy would then be to enable individuals to interact according to their representations or subjective perceptions

with complete freedom, unhindered, within a framework of law and the rules of fair conduct.

The “social division of ignorance” reconciles the notion of individualism with the idea of subjectivism, according to which we have only partial representations, hence the need for a system that enables the exchange of information and communication through signals such as prices: this system is the market economy, conceived as a spontaneous, self-generated and self-regulated order, which must not be interfered with, as this would distort the channels for circulating information and adjusting individual expectations—the true theory of equilibrium in the legacy of Carl Menger, replacing the neo-classical theory of equilibrium through supply and demand.

Accordingly, the market is theorized as a place where information is exchanged, and prices become signals. This reasoning leads precisely to the rejection of all forms of centralized planning and interventionism in the market, as they may not only hinder “individual freedoms” but also prices above all, and thus the smooth flow of information.

The author introduces us to the basis of Hayekian epistemology via three concepts: complexity, spontaneous order and evolution. All three are intrinsically linked in their very definition, since complexity makes it possible to understand spontaneous order and reject scientism, or at least “constructivist rationalism”; and non-Darwinian evolutionism serves to justify the perspicacity of the notion of spontaneous order, while rejecting sociobiology and “social Darwinism”. Evolutionism and cultural evolution thus paradoxically become philosophies of history, as Hayek calls for “intervention” through “negative rules” to prevent “interference” with “catallaxy,” while asserting the spontaneous, self-generated nature of the market.

The “great open society” as both teleological horizon and narrative

Hayek's liberal utopianism was underpinned by two main narratives: the “great society” and the “global market,” which allowed national sovereignties to be bypassed by the establishment of an “international legal order.” To bring about this “great

society”, it was necessary to wage a veritable “crusade against social justice,” seen as an obstacle to achieving this utopia, which ultimately came down to what Hayek would call “constructivism.” Thus, the struggle to achieve it required fighting against everything that might stand in its way, while stressing that this great society not only needed the market to function, but took the market as its paradigm. However, the Austrian economist's main concern was to discredit and refute the “inane incantation” (p. 131) of “social justice,” the latest avatar of what was left of socialism once economic planning and centralized interventionism had been rejected. Moreover, Hayek established a questionable continuity between social justice and “servitude,” since there was nothing “just” about social justice, and it even ran counter to the law, since it did not respect formal equality.

Beyond these observations, hostility to social justice reflected a particular understanding of the relationship between the political and the economic, since the political sphere should be separated from the economic, thus “dethroning” politics and rejecting all forms of state intervention as unwarranted interference. For Hayek, then, the very notion of “social justice” was a “chimera” and meaningless in every respect. The book also has the merit of presenting an alternative to Hayek's thinking on the notion of social justice, by defending the principle of solidarity through the idea of “joint responsibility” and strictly social rights, which opens up the debate on the nature and meaning of an “open society,” a notion that Hayek is said to have hijacked.

Is there a way out of neoliberal utopianism?

The book concludes by suggesting that the liberal utopia is now a chapter in political history, but that this in no way signifies the end of liberalism as a great family of thought. Besides, surely we should now be talking about a “neoliberal” utopia? Predicting the evolution of political systems in so-called advanced modern societies would be a risky undertaking. In any case, modes of government are often a blend of several currents of thought, and de facto current government policies in France are most likely a blend of ultra-liberalism, authoritarian liberalism, evolutionist-inspired neo-liberalism and, finally, new technocratic management with populist leanings.

No government is “chemically pure” enough to be exclusively liberal or neoliberal, given that these terms can refer to diverse realities, or even to authors and currents of thought with divergent ideas, albeit with shared foundations, such as

individualism. The debate on post-neoliberalism is not over yet, just as the debate on the nature of neoliberalism itself is by definition open-ended.

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