

The Irrationality of the Extended Order: The Fatal Conceit of F. A. Hayek

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Friedrich A. Hayek (1899-1992) is considered by many to have been one of the true intellectual giants of the twentieth century. He was without doubt one of the most influential thinkers of his time. Moreover, Hayek is almost universally characterized as a dedicated—even radical—proponent of capitalism. The questionable validity of such a characterization is one of the key issues to be dealt with in this essay.

Part of Hayek's fame stems from the fact that, in 1974, he shared the Nobel Memorial Prize in Economic Science with the socialist Gunnar Myrdal. The prize was awarded "for their pioneering work in the theory of money and economic fluctuations and for their penetrating analysis of the interdependence of economic, social, and institutional phenomena" (Machlup 1976, xv-xvi).¹ There seem to have been, in other words, two different reasons why Hayek was deemed worthy of the award. The primary reason was his brilliant technical work during the 1930s on money and credit conditions and their impact on business cycles. The secondary reason was his provocative analysis of the comparative efficiency of socioeconomic systems undertaken during the 1940s and 1950s. During the last fifty years of Hayek's life, however, most of his work was devoted to political and social philosophy, legal theory, and the philosophy of science rather than to economic theory. Both the breadth of his knowledge and the scope of his work were enormous.² He discussed everything from anthropology to the evolution of language to the role of religion in Western civilization. And yet, despite the wide range of topics addressed, Hayek's later work usually exhibited a unifying theme: the nature and societal role of knowledge (or information). Whether discussing science, politics, or economics, he often framed his arguments in terms of knowledge and its use (or misuse).

The task of this paper will be to examine critically the proposition which is perhaps most closely associated with Hayek's name: his famous contention that (1) socialism was and is "a mistake", because (2) only a free-market economy (or, as he preferred to call it, the "extended order") can produce both prosperity and liberty. First of all, Hayek's explanation and defense of that "extended order" will be presented. Secondly, certain fundamental philosophical positions which underlie his train of thought will be identified, and his approach will be contrasted with a defense of capitalism based on epistemological realism and ethical egoism. Finally, the suggestion will be made that Hayek's defense of the free society—despite its renown—is ultimately both unconvincing and misguided due to his failure to identify the principles that are most essential to such a society.

In the course of the presentation references will be made to a variety of Hayek's major works. However, the core of his argument will be taken largely from the last book published before he died (Hayek 1989). The reason for such a focus is that that book offers his ultimate statement of the case against socialism.³ He had introduced certain parts of this developing argument as long ago as the 1930s, and *The Fatal Conceit* seems to be the distillation and refinement of those many years of reflection. As such, it will be taken to be the definitive version of his defense of a free society.

The Case for the Extended Order

The importance of the extended order is boldly stated by Hayek. He declares that "our civilization depends, not only for its origin but also for its preservation, on what can be precisely described only as the extended order of human cooperation, an order more commonly, if somewhat misleadingly, known as capitalism" (1989, 6). To understand the complex train of thought that leads Hayek to such a conclusion, one must start with his view of the nature of knowledge and of the essence of an economic system.

The Nature of Knowledge

Hayek's position on the nature of knowledge can be found in bits and pieces scattered throughout many of his books and articles. For the present purposes a summary rather than an exhaustive treatment would seem appropriate. Perhaps the key elements in his approach are the assertions that knowledge is (1) widely dispersed, (2) subjective, and (3) often tacit. Each of these assertions requires some explanation.

The dispersal of knowledge literally means that relevant economic knowledge must, fundamentally and irrevocably, be decentralized to a significant extent. That is, there exists no monolith called "knowledge" that

is equally accessible to, and equally-well understood by, all persons. Most crucial to our actions is our “concrete and often unique knowledge of the particular circumstances of time and place” (Hayek 1960, 156). Of course, Hayek understands that “the ‘man on the spot’ cannot decide solely on the basis of his limited but intimate knowledge of the facts of his immediate surroundings” (1945, 524-25).

Something more is essential if individuals are to allocate resources efficiently. There must exist some mechanism by which the overlapping areas of particular knowledge possessed by specific persons can be combined and then utilized by all. Hayek points out that “[w]e must look at the price system as such a mechanism for communicating information” (1945, 526). Moreover, prices not only convey information but also coordinate human activities. That is, “prices can act to coordinate the separate actions of different people in the same way as subjective values help the individual to coordinate the parts of his plan” (Hayek 1945, 526). Such interpersonal coordination (which Hayek often refers to as “plan coordination”) is essential to a successful socioeconomic system and impossible in a socialist framework. In short, Hayek sees economic knowledge as discrete bits of widely scattered information about concrete phenomena. In light of this, the “marvel” is that a free-market price system comes to the rescue by making it possible for us “to extend the span of our utilization of resources beyond the span of the control of any one mind” (Hayek 1945, 527).

Hayek also insists that knowledge, or at least that kind of knowledge most germane to the social or human sciences such as economics, sociology, politics, and history, is pervasively subjective in nature. To the social scientist it is, allegedly, not the objective, demonstrable characteristics of an artifact that are significant. Hayek repeatedly argues that human beings classify objects on the basis of the object’s purpose or function. And that classification depends on how one evaluates the usefulness of the item relative to one’s ends or goals. “A medicine or a cosmetic, for example, for the purposes of social study, is not what cures an ailment or improves a person’s looks, but *what people think will have that effect*” (emphasis added)(Hayek 1979a, 51).

It is instructive to note that Hayek expresses some reservations about his own use of the terms “subjective” and “objective.” He concedes that they “inevitably carry with them some misleading connotations,” but he believes that other possibilities like “mental” and “material” possess “an even worse burden of metaphysical associations” (1979a, 49).

Actually, it would seem that the point at issue here is primarily epistemological, not metaphysical. Are sense qualities intrinsic to entities in the external world? Are sense qualities purely internal mental phenomena? Or, are sense qualities an aspect of the process by which a human being perceives external entities? The first might be called "naive realism," the second "subjectivism," and the third "contextual realism,"⁴ Hayek clearly embraces some version of the second, for he declares that "when we study qualities we study not the physical world but the mind of man" (1979a, 48). The third and final aspect of knowledge that Hayek discusses is its "tacitness" (Hayek, 1967, 43-63). The claim here is that much of what we know we do not, and perhaps cannot, articulate. Rules which are not stated explicitly govern much that we do and set the framework for much that we know. We may know how to perform some task, but we may not be able to explain to someone else how that person should go about performing such a task. Simple examples might include activities like riding a bicycle or hitting a ball with a baseball bat. Of course, Hayek is largely interested in a higher order of human activities than the likes of cycling or baseball. Nevertheless, part of this tacitness is manifested even in such lower order phenomena as the identification and imitation of gestures and facial expressions. Hayek sees many human actions and even many perceptions as guided by the "movement patterns" and "ordering principles" which he subsumes under the category of "rules." Somewhat more complex is the example of language. For Hayek, language is a system of learned rules that evolves spontaneously. That is, at the level of the individual, language is acquired through a process of intuitive recognition of repeated patterns which are not explicitly specified. At the societal level, languages come into existence without the benefit of conscious central direction. The intelligibility of communication via language is due to the fact that it is a species of "conduct following a rule with which we are acquainted but which we need not explicitly know" (Hayek 1967, 55).

Hayek even extends his approach to the realm of science. He grants that, in the natural sciences, tacit knowledge cannot properly be made part of a truly scientific explanation. However, he does insist that "intuitive understanding" on the part of the scientist often constitutes the first step of the investigative process that produces some explicit scientific proposition. Moreover, he asserts that the (often tacit) intelligibility of human interactions forms the basic data of social sciences such as economics:

[T]he facts of the social sciences are merely opinions, views held by the people whose actions we study. They differ from the facts of the physical sciences in being beliefs or opinions held by particular people, beliefs which as such are our data, irrespective of whether they are true or false, and which, moreover, we cannot directly observe in the minds of the people but which we can recognize from what they do and say merely because we have ourselves a mind similar to theirs. (1979a, 47)

The culmination of Hayek's exploration of tacit knowledge and implicit rules is his discussion of what he refers to as "supra-conscious processes" (1967, 60-63). It is Hayek's claim that, contrary to widespread belief, conscious conceptualization is *not* the highest form of mental function. There exists a "meta-conscious" level that forms a framework within which conscious mental activity acquires meaning. Without these supra-conscious processes, communication becomes impossible. Why must such a meta-conscious level exist? According to Hayek, its existence is the necessary implication of the fact that some rules simply cannot be articulated. "[M]uch that we successfully do depends on presuppositions that are outside the range of what we can either state or reflect upon" (Hayek 1967, 61). That is, a conscious mental order may be able to explain its component elements, but it cannot explain *itself*. Complete self-specification of any system of formal propositions is, allegedly, not possible. This meta-conscious framework consists of a set of conventions or "rules" that are taken for granted by human beings. These rules are unconscious mental events which form the foundation for all that we understand consciously. Moreover, if in the future humans were ever able consciously to examine those tacit rules that underlie our present knowledge, Hayek maintains that there would then have to exist some further unspecified rules which would make such conscious understanding possible.

As a special case of this broad principle, Hayek cites the famous example from mathematics of Godel's theorem (1967, 62). This theorem asserts that systems of formal propositions deductively derived from "self-evident" axioms (the prime example being arithmetic itself) must be incomplete and, therefore, may appear to be internally inconsistent. This does not mean that arithmetic actually is inconsistent, only that in order to prove the consistency of arithmetic one must have recourse to certain informal "meta-mathematical" arguments. In short, purely deductive

systems cannot explain themselves. Hayek takes that theorem to be an excellent representative of his declaration that all conscious processes presuppose "a system of rules....which we can neither state nor form an image of" (1967, 62).

Knowledge and Economic Systems

For most economists, knowledge plays a relatively minor role in their analysis. Indeed, all-too-many economists still seem to think in terms of the elementary textbook model of "perfect competition" in which it is assumed that all buyers and all sellers already possess all *relevant* information (the prices and qualities of products, the availability of resources, the preferences of buyers, the locations of sellers, and so forth) prior to the process of market exchange. In that model, economic efficiency is manifested via a relatively simple mathematical extraction of the optimal result, which result is actually implicit in the given data. The market process then consists merely of recognizing the significance of what is already known and acting upon it.

This is not the case with Hayek. He, like all the other members of the so-called Austrian School of economic thought,⁵ considers economic knowledge (or information) to be far too important to take as a given. For Hayek the market process is, to a large extent, a process by which the participants *discover* the information that is relevant to them. Indeed, Hayek quite literally sees the economy as a mechanism that both generates and distributes knowledge. For him the study of economics, like all the social sciences, is, at its core, a study of information systems. "The economic problem of society is thus not merely a problem of how to allocate 'given' resources . . . it is a problem of the utilization of knowledge not given to anyone in its totality" (Hayek 1945, 519-20).

Hayek's focus is thus quite different from that of more conventional economists. Commonly-encountered descriptions of economics include "the study of the allocation of scarce resources among unlimited wants," "the science of wealth," and "the science of human action."⁶ Hayek's characterization of economics as the study of the utilization of knowledge in society is a marked departure from the norm. He is not without his admirers, however. For example, the philosopher W. W. Bartley III adopts Hayek's perspective and even extends it. Bartley, inspired by Karl Popper as well as Hayek, argues that the primary concern of epistemology (usually defined as that subset of philosophy which deals with the nature and validation of knowledge) should be the growth of knowledge. Furthermore, he notes that knowledge is an important kind of

wealth. Therefore, Bartley concludes that epistemology should be thought of as a branch of economics; since economics is, of course, interested in the growth of wealth (Bartley 1990, 89-94). Whether or not one finds Bartley's taxonomy useful, his argument is instructive in that it reflects the interface between epistemology and economics which plays so prominent a role in Hayek's work.

Having established what he considers to be the nature of (1) economic knowledge and (2) economic systems, Hayek proceeds to the conclusion that only in a decentralized system, that is, in a free market, can an efficient utilization of all resources—especially knowledge—be achieved:

[D]ecentralization has become necessary because nobody can consciously balance all the considerations bearing on the decisions of so many individuals . . . because all the details of the changes constantly affecting the conditions of demand and supply of the different commodities can never be fully known, or quickly enough be collected and disseminated, by any one center, what is required is some apparatus of registration which automatically records all the relevant effects of individual actions. (1944, 49)

That "apparatus of registration" is, of course, the price system. It accomplishes every day what no central planning agency could ever come close to doing. It quickly and automatically takes account of every choice made by every market participant, reveals the net effects of those choices in the form of an array of prices, conveys changes in the relative scarcities of products and resources by means of changes in those prices, and thus coordinates both the vast matrix of prices and the plans of the participants so as to move ever toward a structure of internally consistent relationships. As Hayek continually reminds the reader, *only* a free-market price system can do all this. A central planning agency cannot gather the requisite knowledge because knowledge is "widely dispersed" (and constantly changing). Such an agency cannot form a meaningful plan for the use of resources because economic knowledge is "subjective" and, as such, cannot be aggregated. And, since at least some relevant knowledge is "tacit" (cannot be articulated), it can never be transformed into data and collected centrally. The social sciences, and especially economics, are concerned with "knowledge of the kind which by its nature cannot enter into statistics and therefore cannot be conveyed to any central authority" (Hayek 1945, 524).

Cultural Evolution

It might appear from the foregoing that Hayek is arguing for the superiority of a market-based socioeconomic system merely on some narrow technical grounds. While it is true that much of his thought is indeed framed by his training as a professional economist, Hayek's hypothesis is of a scale that transcends the bounds of any particular academic discipline. As noted earlier, Hayek claims nothing less than that civilization itself depends on the existence of the "extended order of human cooperation" (1989, 6). Moreover, it is his firm conviction that civilization is being endangered by the widespread failure to understand the origin and nature of, and appreciate the enormous value of, that extended order. "To follow socialist morality would destroy much of present humankind and impoverish much of the rest" (Hayek 1989, 7).

What does Hayek mean by the phrase "extended order"? Many people might prefer to call it capitalism. Briefly, it is a society based on voluntary exchange in a free market, individual rights (especially property rights), limited government, and the Rule of Law.⁷ In other words, the extended order is simply Hayek's idiosyncratic name for what is more commonly called a classical liberal society.

How does this extended order come into existence? It is Hayek's answer to that question which has garnered so much attention. First of all, Hayek explains that the extended order is a species of what he calls "spontaneous order" processes, that is, phenomena that are "the result of human action but not of human design" (Hayek 1967, 105). This is a concept that he knowingly borrows from the eighteenth-century Scottish writer Adam Ferguson, and it appears with regularity throughout his work. It is a notion that is central to several of the themes that typify Hayek's thinking since World War II. The essence of spontaneous order is that a systematic, stable matrix of relationships can develop from certain evolved rules, rules which may be poorly understood, may be implicit rather than explicit, and may be neither rationally justified nor rationally justifiable. Clearly, Hayek's approach to knowledge fits comfortably within this framework. The significance of spontaneous orders is that they exist and, indeed, prosper, without any *conscious central direction*. According to Hayek, money, law, and language are all good examples of the products of spontaneous order processes. The most important of all such spontaneous developments is the extended order. In fact, it subsumes several more narrowly-focused phenomena of the same sort. For example, both the evolution of the common law and the transformation of barter economies into monetary economies are essential components of the extended order.

In order to explain the appearance and nature of the extended order, and to contrast it with alternative social structures, Hayek employs three concepts: "instinctive morals," "evolutionary morals," and "rationalistic morals"(1989, 11-28, 66-88). (His use here of the word "morals" can be misleading. He is referring to cultural norms and traditional rules of behavior as much as to explicit ethical systems.) Each of the three represents a particular kind of culture, a particular socioeconomic system, and a particular result in terms of prosperity and population. The early stage of human development was, per Hayek, characterized by instinctive morals. Humankind was sorted out into small tribes of hunter-gatherers who were motivated by an "instinctive" urge to adopt altruism as their guiding ethical principle.⁸ Such tribal groups exhibited a strong sense of group solidarity (the tribe being a version of what today might be called an extended family), owned property communally rather than individually, and usually took action collectively. "The savage is not solitary, and his instinct is collectivist" (Hayek 1989, 12).

Because of their instinctive altruism, these tribes remained small, devoid of much wealth, and primitive. Why? What is the connection, according to Hayek, between instinctive morals and poverty? He explains that the members of communal tribes (1) were hostile to outsiders and (2) dealt with one another as kinsmen. In other words, there were no market exchanges, only the sharing of resources by what were, in essence, members of the same family group. Therefore, phenomena such as individual property, contracts, trade, commerce, and a price system did not develop. In the absence of those developments, civilization as we know it could not exist. Humans remained poor, primitive, and few in number. And, as Hayek sees it, the principal reason for their wretched state was their failure to adopt *abstract rules* of conduct. Instead, they persisted in perceiving all relationships in personal, rather than formal, terms.

Eventually however, the extended order does arise by means of "cultural evolution." Hayek means by this that certain beneficial rules, customs, and morals ("evolutionary morals") are adopted which lead to wealth and population growth. The acceptance of institutions like individual property (which Hayek insists on calling "several property"), contract law, and the market system brings about a greater division and specialization of labor, expanded commercial transactions, exploration, scientific inquiry, and industry. Society expands enormously in terms of both material production and population.

Several features of this Hayekian view of cultural evolution deserve attention. First of all, the discussion is couched in terms analogous

to those of Darwinian biological evolution. There are references to "differentiation," "natural selection," "adaptation," and the "transmission of characteristics." Indeed, in a fashion very similar to Darwin's discussion of the survival of particular species, Hayek concludes that the extended order replaced or supplanted the earlier tribal groups by means of its superior adaptation to its environment. However, he emphatically states that the evolution he has in mind is Lamarckian rather than Darwinian. That is, cultural evolution proceeds by transmitting acquired characteristics in the form of learned rules rather than by genetic transmission of innate attributes. "Moreover, cultural evolution is brought about through transmission of habits and information not merely from the individual's physical parents, but from an indefinite number of 'ancestors'" (Hayek 1989, 25).

Secondly, the evolution of the extended order is not a process undertaken consciously by the persons involved. Hayek never tires of repeating his own claim that the extended order "arose from unintentionally conforming to certain traditional and largely *moral* practices, many of which men tend to dislike, whose significance they usually fail to understand, whose validity they cannot prove, and which have nonetheless fairly rapidly spread by means of an evolutionary selection"(emphasis in original)(1989, 6). The benefits of the extended order are incalculably great, but wholly unintended.

Thirdly, Hayek eagerly concedes that the emergence of the extended order is the product of a non-rational process. The version of rationalism he takes as a foil is Cartesian rationalism, which "not only discards tradition, but claims that pure reason can directly serve our desires without any such intermediary, and can build a new world, a new morality, a new law, even a new and purified language, from itself alone" (Hayek 1989, 48-49). Furthermore, Hayek is convinced that rationalism leads to "scientism", the misapplication of supposedly scientific methods (which may be perfectly appropriate in, say, physics or engineering) to the social sciences (Hayek 1979a, 77-92). And scientism leads inexorably to a belief that a socioeconomic system can and should be centrally directed. In short, Hayek argues that those who place great value on human rationality tend to be socialists.

By way of contrast, the extended order is predicated upon (1) the acceptance of the "pervasive ignorance" of the human race, (2) the limited capacity of reason to solve human problems, and, therefore, (3) the adoption and observance of traditions and customs which may not even be explicitly stated, much less logically defensible, but which nevertheless

“work” in the sense of promoting prosperity. Hayek clearly agrees with David Hume’s comment that “the rules of morality are not the conclusions of our reason” (quoted in Hayek 1989, 66). The extended order is not only not constructed, it also eludes the understanding of those who are devoted to reason and a search for clear causal relations. In fact, Hayek goes a step beyond Hume when he declares that “while it is true that traditional morals, etc., are not rationally justifiable, this is also true of *any possible moral code* (emphasis in original)(1989, 68).

Different from both instinctive morals and evolutionary morals are the “rationalistic morals” of the socialists. Hayek characterizes socialists as motivated by two powerful impulses: (1) the longing for a brotherhood of man in which everyone’s wants and needs are attended to and (2) the conviction that a perfect social order can be achieved by means of comprehensive central planning. The first is born of their atavistic desire to recapture the allegedly simple, free, and harmonious life of the “noble savage” (Hayek 1989, 19). The second, as was noted above, is the result of their overvaluing reason. To Hayek, however, socialism is not an immoral system. It is a serious mistake to be sure, but one that stems merely from factual errors in the thinking of socialists. They simply fail to recognize that greater prosperity can be achieved via learned rules than through conscious planning. Hayek specifically credits them with both intelligence and good intentions (1989, 9). In fact, he declares that “[n]or should my argument suggest that I do not share some values widely held by socialists” (1989, 8).

Between the “instinctive” order of primitive man and the “rational” planning of the socialists lies the extended order. The “evolutionary morals” of that extended order are based on neither instinct nor reason. They constitute a third category that lies *between* the other two. The extended order is “beyond instinct and often opposed to it, and . . . incapable of being created or designed by reason” (Hayek 1989, 21).

Hayek devoted most of the last forty years of his life to an exploration of knowledge, the use of knowledge in society, and the evolution of the extended order. Despite the great fame of this work, despite his brilliance, despite his eloquence, Hayek’s defense of a free society is, simply, untenable. It is founded on several principles which are, on closer inspection, inconsistent with such a society. Moreover, if one examines Hayek’s enumeration of the characteristics of his ideal society, one will discover that it is certainly not laissez-faire capitalism that he defends. His vision of a “free” society turns out to be a limited version of the distinctly unfree “mixed economy” so common in this century. In

order fully to grasp Hayek's failings one must turn to a thinker both much more rational and much more radical than he.

A Rational Defense of Capitalism

There has been but one prominent thinker in this century who has both been an uncompromising advocate of pure, laissez-faire capitalism and based such advocacy on a comprehensive and integrated philosophical system in which the fundamental questions of metaphysics, epistemology, ethics, politics, and aesthetics are addressed.¹⁰ That person is the controversial novelist and philosopher Ayn Rand (1905-1982). There is, obviously, insufficient space here to provide a thorough review of Rand's thought.¹¹ However, a brief survey of some of her principal insights is necessary in order to grasp the context within which the critique of Hayek will be presented.¹²

Rand's philosophy, which she named Objectivism, and which is clearly in the broad Aristotelian tradition, is built around several axiomatic propositions.¹³ First of all, "existence exists." There is an objectively real world of entities that is metaphysically *independent* of any human being's mental functioning. Secondly, "A is A." Every entity has a specific identity and the entity *is* its identity. Implicit in the foregoing is recognition of the fact that consciousness is epistemologically active but metaphysically passive. The human mind does not create reality, it discovers it. "Existence is Identity, Consciousness is Identification" (Rand 1957, 942). Indeed, Rand argues that consciousness (the subject) is only identifiable because one can distinguish it from external entities (its objects). If—as some subjectivists claim—the mind were capable of concocting *all* of its constituent elements, then there would be no means by which one could differentiate between "mind" and "reality," between subject and object.

Further, Rand holds the law of causality to be an essential corollary to the foregoing axioms. This is the proposition that every effect must have a cause, and every cause consists of the action(s) of an entity. Therefore, there are no truly "inexplicable" events, because to identify the nature of the acting entity is to understand the source of the effect. In other words, mystical "explanations" explain nothing precisely because they fail objectively to identify the nature of the acting entity. The cause of a given effect may, at present, be unknown, but no cause is in principle unknowable. To suggest otherwise is to maintain that reality is unknowable.

For Rand, the only means of acquiring knowledge is through the rigorous application of reason to the data provided by our five senses. Faith, emotion, instinct, whim, and appeals to either tradition or authority are not "tools of cognition." "Man cannot survive except by gaining knowledge, and reason is his only means to gain it. . . . Truth is the recognition of reality; reason, man's only means of knowledge, is his only standard of truth" (Rand 1957, 942-43). The highest cognitive level is the conceptual, which involves a conscious process of both integrating entities (into groups whose members possess similar attributes) and differentiating entities (into groups with dissimilar attributes). But conceptualization is neither automatic nor infallible. One must *choose* to function at the conceptual level. The next level of cognition is the perceptual. Here the process *is* automatic; perceptions are the interaction between (1) one's brain and sense organs and (2) entities. A perception is the awareness of an entity as such. The lowest level is that of sensations, momentary responses to specific stimuli. Lower animals function at the sensory and perceptual levels; man can—and should—function primarily at the level of concepts.

Rand's metaphysical and epistemological views lead directly to her ethics. For her, in sharp contrast to almost all other modern philosophers, the facts of reality (the "is") do indeed imply a particular code of human conduct (the "ought"). Because (conceptual) knowledge cannot be gained without a focused awareness and the employment of logic, and because the knowledge of how to sustain their lives is not given to men at birth in the form of innate ideas, men should adopt an ethics that honors rationality, productiveness, and pride (Rand 1964, 25). Rationality is a virtue because reason is man's only means of achieving knowledge; productiveness is a virtue because man must produce the material values that sustain him; pride is a virtue because man "must acquire the values of character that make his life worth sustaining—that as man is a being of self-made worth, so he is a being of self-made soul" (Rand 1957, 947).

Above all, Rand condemns as irrational and immoral any creed which even suggests that sacrifice is admirable. Every individual is an end unto himself and should *never* be a means to someone else's ends. In short, Rand is an ethical egoist. Altruism, the ethical doctrine which holds that the highest moral good consists of service to others, that is, that sacrifice in some form and to some degree is the ethical ideal, is utterly contemptible in her view. It must be understood clearly, however, that she is not an irrational "egoist" in the mold of Nietzsche; she explicitly rejects the idea that "inferior" men should be sacrificed in order to benefit "superior" men. Rand repeatedly states her basic ethical principle: Never live for the sake of

another person, and never ask another person to live for your sake (Rand 1957, 993).

Of all possible politico-economic systems, Rand finds but one that is consistent with rational egoism. That one is capitalism—pure, laissez-faire capitalism, not the bastardized modern version that goes by the name but which exhibits as many socialistic elements as truly capitalistic ones. Indeed, she well realizes those modern-day “mixed economies” are actually a species of fascism (Rand 1967, 202-20). Rand is a philosophical capitalist because (1) capitalism recognizes that the mind is the source of all values and (2) the essential social principle of capitalism is that of voluntary trade for mutual benefit. Capitalism demands that if a man seeks some material value, he must trade value for it. The political and legal implications of such a “trader” principle are that the initiation of physical force must be forbidden (the defensive employment of force is, of course, legitimate); the government’s sole concern should be the protection of individual rights (especially property rights); other than an unflinching respect for the rights of others, no citizen has a “responsibility to society”; and the financing of government operations must be achieved by voluntary means.

It is obvious that Rand’s defense of capitalism differs markedly from that offered by most economists. She praises capitalism because it is the incarnation of certain metaphysical, epistemological, and ethical truths and, therefore, it holds the natural rights of the individual to be sacred. As a rule, those economists who have been advocates of a free-market system—from Adam Smith to Milton Friedman—have done so based on broadly utilitarian grounds. For example, economists usually justify their espousal of free markets by declaring that such systems lead to an efficient allocation of the society’s resources or to the maximization of consumer welfare. Rand explicitly criticizes all such criteria. What is essential and crucial is that capitalism is *moral*; it is incidentally true that capitalism is also efficient.

The “practical” justification of capitalism does not lie in the collectivist claim that it effects “the best allocation of national resources”. Man is *not* a “national resource” and neither is his mind. . . . The moral justification of capitalism lies in the fact that it is the only system consonant with man’s rational nature. (emphasis in original)(Rand 1967, 20)

It is equally clear that Rand's defense of laissez-faire capitalism also differs drastically from Hayek's explanation of the extended order. Moreover, this difference is a reflection of the significant philosophical gulf that separates these two thinkers. A useful way to summarize the contrast is to consider the intellectual roots of each. Rand draws heavily upon the metaphysics and epistemology of Aristotle,¹⁴ although she rejects much of his ethics and politics. Furthermore, she considers both the skepticism of David Hume and the idealism of Immanuel Kant to be anathema (Rand 1961, 28-32). Hayek makes it clear that his position is largely the opposite. He criticizes Aristotle quite severely (1989, 45-47), but lavishes praise on both Hume and Kant, whom he calls "two of the greatest philosophers of modern times" (1967, 166). Rand models a free society based on reason, egoism, and individual rights; while Hayek's version of such a society is founded on a mixture of skepticism and subjectivism, is guided by altruism, and is governed by traditional rules.

Problems with Hayek's Work

Perhaps the single most frequently recurring theme in Hayek's many books and essays is his steadfast belief that human reason is weak, unreliable, and limited. It is true that he does not claim that reason is *totally* devoid of value, but he certainly relegates reason to a quite minor role in his social philosophy (Hayek 1989, 8). As discussed earlier in some detail, Hayek insists that the conscious level of conceptualization is not even the highest level of mental functioning. There allegedly is a non-rational, "supra-conscious" level of abstract conventions or rules upon which all conscious thought depends. Hayek's approach to knowledge is an application of such a notion. There he emphasizes that, because individuals are the repositories of the dispersed knowledge of particular times and places, no single person possesses sufficient knowledge to justify central planning of the economy. This "pervasive ignorance," which is inescapable and ineradicable, becomes a major component of his defense of a free society. Hayek's error is subtle but important. He is, of course, correct that comprehensive central planning of any socioeconomic system is impossible in the sense of being incapable of achieving an efficient allocation of resources. And he does indeed identify the immediate reason why that is so, namely the fundamental complexity of social and economic interactions. Such complexity *in all its particulars* is truly beyond the processing capacity of any single mind.

However, Hayek utterly fails to see *why* the complexity exists. He asserts that one's inability to foresee perfectly all the consequences of one's

actions (that is, the inability to grasp all the specifics of any given complex social phenomenon) means that traditional rules rather than reason are the key to a free society. What he overlooks is the fact that one cannot foresee all the (unintended) consequences of one's actions precisely because other individuals exercise their free will and employ reason to promote their own welfare. Moreover, Hayek never seems to realize that the abstract rules which he deems superior to reason only "work" when, if, and to the extent that they accord with objective reality and with man's use of his reason to comprehend that reality. The only appropriate rules are those which are rational. To understand capitalism one must embrace and use reason, not reject and demean it.

In addition, does not the rejection of reason—man's primary means of survival and only means of knowledge—constitute a slur upon mankind? For example, Hayek states that "[i]f there were omniscient men . . . there would be little case for liberty" (1960, 29). Obviously there are no omniscient men, and there never will be any. However, does not Hayek's position suggest that the greater man's knowledge becomes, the less men will deserve freedom? It is interesting to note that Rand condemns an analogous argument often made by political conservatives. She calls it the "argument from depravity," which is the claim that, since all men are "innately depraved, no man may be entrusted with the responsibility of being a dictator . . . therefore, a free society is the proper way of life for imperfect creatures" (Rand 1967, 198-99). Parallel to Hayek's, this argument suggests that if men become less depraved, they will deserve less freedom. Neither argument does man justice.

Before leaving Hayek's views on reason and knowledge, four additional points must be raised. First of all, he does not seem fully to grasp that all events are the actions of entities. This error is manifested by the fact that he devotes enormous effort to his analysis of complex social phenomena but scarcely even begins to investigate the nature of man. "A great deal may be learned about society by studying man; but this process cannot be reversed: nothing can be learned about man by studying society—by studying the inter-relationships of entities one has never identified or defined. Yet that is the methodology adopted by most political economists" (Rand 1967, 15). Rand may not have been thinking of Hayek when she wrote those words, but they are surely appropriate in his case.

Secondly, Hayek distorts the case for rationality by choosing Cartesian rationalism as its exemplar. The approach adopted by Rene Descartes, which David Kelley refers to as "representationalism" (Kelley 1986, 10), is rather easily shown to be flawed. Indeed, Berkeley, Hume, and

Kant all make much of Descartes' errors (Kelley 1986, 18- 27). Hayek, if he truly is convinced that all rationalistic philosophies are fallacious, should choose as his target their best representative: the contextual realism of Ayn Rand. This he fails to do. In fact, there is no mention of Rand in any of his numerous works.¹⁵

Third, Hayek's claim that the data of the social sciences are subjective in nature should be questioned. For example, as was noted earlier, Hayek says that a medicine is what one *believes* will cure an ailment, not what will actually do so. However, to pursue his own example, surely it is true that one will cease to buy a medication that has failed to perform as promised and expected. It seems odd that Hayek, as an economist of the Austrian School in which so much emphasis is placed on the market as a discovery and learning process, should pay so little heed to the means by which beliefs are revised. And one must constantly revise his beliefs by testing them against the ultimate arbiter: objective reality. Economic valuations are not subjective in the fundamental sense of being formed truly independently of external entities. Instead, economic value is *relational*. It is the estimate of the usefulness to a particular valuer of an entity possessing specific attributes in the context of that valuer's knowledge, expectations, goals, and preferences. It is analogous to the "form" in which one perceives external objects.¹⁶ Both economic value and perceptual form represent means by which one is aware of external objects. Both are contextual; correctly speaking, neither is subjective.¹⁷

Finally, it will be recalled that Hayek cites Godel's proof as confirmation of his view of knowledge, an integral aspect of which is the proposition that human reason is quite limited. Hayek seems to misunderstand the implications of the proof, because, as Nagel and Newman point out, "[i]t does not mean, as a recent writer claims, that there are 'ineluctable limits to human reason'. . . . The theorem does indicate that the structure and power of the human mind are far more complex and subtle than any non-living machine yet envisaged" (Nagel and Newman 1958, 101-2).

Hayek's rejection of reason in favor of traditions and customs is a grievous error. Nevertheless, there are several additional grounds upon which his case for the extended order can be criticized. For example, Hayek explains its emergence as the result of an evolutionary process akin to biological evolution. He asserts that the extended order replaces the primitive tribal order via superior adaptation. Specifically, the extended order appears and prospers while the tribal order stagnates. In short, he sees the process as a "zero-sum game," that is, a situation where one gains at

the expense of the other. This is no doubt true of (non-human) animals. Since animals do not *create* their food source, inter-species competition for food must be a zero-sum game. But humans are radically different. Man produces the material values he requires. Using his conceptual power, he transforms natural resources into economic values. Moreover, the market process is a “positive-sum game”—to produce and exchange is mutually beneficial. The emergence of the extended order should have brought prosperity to the tribal order as well as to itself. In other words, the tribal order should have become the extended order. Yet Hayek does not describe it in those terms. He appears to conceive of tribal orders as literally dying out because of their lower level of wealth, higher mortality rate, and lower birth rate. The problem is that Hayek sees men largely as blind, or at least myopic, followers of rules. Some rules happen to work, others do not. Men who adopt the latter die out.

A topic that has not yet been addressed in this essay is Hayek’s very problematic concept of coercion. In order to understand his vision of a free society as one which minimizes coercion, one must be aware of exactly what he means by the term. “Coercion occurs when one man’s actions are made to serve another man’s will, not for his own but for the other’s purposes” (Hayek 1960, 133). This is usually achieved, Hayek says, by manipulating the relevant data so as to limit the other person’s range of choices. Coercion is often accomplished by force, but “the threat of physical force is not the only way in which coercion can be exercised” (Hayek 1960, 135). According to Hayek, the set of coercive acts also includes the failure to provide goods or services expected by the recipient and which are crucial to the well-being of that recipient (1960, 136-37). Furthermore, coercion is an inescapable fact of life because “coercion of one individual by another can be prevented only by the threat of coercion” (Hayek 1960, 139). It is clear that Hayek equates coercion with force—whether physical or not—and makes little distinction between, on the one hand, the *initiation* of force and, on the other hand, the employment of *defensive* or *retaliatory* force. Amazingly though, certain governmental actions, such as conscription and taxation, largely cease to be coercive if they are “at least predictable and are enforced irrespective of how the individual would otherwise employ his energies” (Hayek 1960, 143).

This Hayekian notion of coercion is horribly misguided. He defines it in a way that makes certain common market transactions “coercive” and certain truly coercive acts voluntary” (High 1985, 8-9). If an employer keeps raising his wage rate offer until a worker agrees to work for him, is he causing the worker to serve his will and thus being “coercive”?

On the other hand, if a firm threatened a consumer with bodily harm if he did not buy the firm's product, and there existed an alternative source of the product, would not the consumer's choice set be unchanged and thus the consumer's choice remain "voluntary?"¹⁸ Worse yet, both government confiscation of individuals' income via taxation and forced labor in the armed services are perfectly acceptable to Hayek as long as they are predictable and imposed equally on everyone.

Hayek's error is fundamental. Coercion should be defined as the initiation, or viable threat of the initiation, of physical force. That is the proper definition because coercion, if it is to be a meaningful term, must involve the violation of an individual's rights. And since rights pertain only to one's freedom of action, the only way to violate one's rights is by means of physical force (Rand 1964, 92-98). Mere inconveniences or irritations, such as a "morose husband" or a "nagging wife" (Hayek 1960, 138), are not instances of coercion.

Why does Hayek refuse to think of coercion in terms of individual rights? First of all, he believes that rights are non-rational and arbitrary because he thinks all ethical systems are non-rational and arbitrary. Thus, no doubt also partly as a result of his training as an economist, Hayek is reluctant to make ethical judgments. Secondly, rights play a minor role in the development of the extended order. For Hayek, rights have importance only *instrumentally*. The protection of rights is indeed part of the extended order, but it is only the means to an end, not the end itself. The extended order requires that individual rights be respected (to some extent, though not rigorously) in order for the society as a whole to enjoy greater wealth. The success of the group, not the rights of the individual, is the goal and the promise of the extended order. In this, as elsewhere, Hayek reveals the conjunction of both a holistic analysis and an altruistic ethical standard.

Hayek is no crusading altruist; he is more an altruist by default, so to speak. He states, for instance, that "all systems of morality *of course* commend altruistic action" (emphasis added)(1989, 81). Hayek seems literally to be ignorant of the fact that some thinkers have indeed advocated egoism, most notably Ayn Rand. Furthermore, he takes a position very common among modern conservatives in that he sees the free market as indirectly or ultimately altruistic. Individuals in the extended order may intend only to benefit themselves, but the "morals of the market" compel them to act in a fashion that benefits others.¹⁹ The extended order "does make our efforts altruistic in their effects" (Hayek 1989, 81). If one adds to this the fact that Hayek repeatedly insists that the *unintended* consequences of any social structure are more significant than the intended consequences,

one comes to an important insight. One must conclude that for Hayek the extended order is laudable because it is altruistic.

The holistic aspect of Hayek's work would seem to be rather obvious. Although he claims to be an advocate of individualism,²⁰ he is clearly not a consistent methodological individualist. His primary concern is with "complex social phenomena," "patterns of social interaction," and the "unintended consequences" of the extended order, not with the nature, rights, and needs of the individual person. Hayek himself reveals this holism, for example, when, while explaining the evolution of the extended order, he says that men "had to combine into *entities* of a distinct character; not merely a sum but a structure in some manner analogous to, and in some important respects differing from, an organism" (emphasis added)(1989, 80). But the only true entities in society are individual human beings. All human organizations are merely matrices of relationships among people; they are not separate entities. To speak of groups as constituting entities concedes far too much to the collectivist opponents of capitalism.

And one must not overlook the praise Hayek bestows upon religion. His words seem striking given that he identifies himself as an agnostic (1989, 139). He declares that religion has been one of the enduring pillars of the extended order. Despite the mysticism that permeates all religious beliefs, organized religions have, allegedly, brought great benefits to the human race.

We owe it partly to mystical and religious beliefs, and, I believe, particularly to the main monotheistic ones, that beneficial traditions have been preserved and transmitted. . . . This means that, like it or not, we owe the persistence of certain practices, and the civilization that resulted from them, in part to support from beliefs which are not true—or verifiable or testable . . . and which are certainly not the result of rational argumentation. (Hayek 1989, 136-37)

Furthermore, he warns that if men reject religion as "mere superstition", then civilization itself may be in danger; because the likely alternative to belief in "God's will" is belief in "the will of society". In other words, socialism will probably flourish if religion is discarded (Hayek 1989, 140).

Hayek's evaluation of religion is very wide of the target. It is not altogether surprising, however, considering his attitude toward reason. Basically, he has matters backward. Despite superficial appearances to the

contrary, it is the mysticism and altruism of religion that have corrupted the defense and celebration of capitalism. Any doctrine which tells man that he lives in an unknowable universe where the ethical imperative is to serve others before himself, is a doctrine both alien and hostile to laissez-faire capitalism. It is true that certain established churches, as social institutions, have functioned as important parts of the culture, and therefore helped to maintain this extended order in a structural way. However, those same sects promulgated certain beliefs which, as theological doctrines, simultaneously undermined the intellectual defense of a free society. If ideas really do matter (and they do), then the latter is of greater consequence than the former. In short, religion has done enormous harm and some small good. Hayek sees it as the reverse. One might think of the role of religion in capitalistic societies as analogous to the carpenter who builds a house out of rotten wood. Should you thank him for building the house, or curse him for building it so badly? The correct answer is obvious.

Hayek seems blind to the fact that most of the human race already embraces some variety of socialism. How is it that religion has saved civilization from socialism, then? In fact, the modern half-socialist, half-capitalist welfare state seems clearly to be the evolutionary result of a culture devoted to collectivistic sentiments,²¹ with much of it applauded by religious leaders. And he wonders why both the primitive tribal order and socialism produce suboptimal results. What he seems unable to comprehend is that both fail in large part because they are both motivated by the same ethical doctrine, a doctrine that lies at the core of religious faith: altruism. One demands sacrifice for the good of the tribe; the other demands sacrifice for the good of society. The only real difference is one of magnitude. The symbiotic relationship is not between altruism and capitalism, but between altruism and socialism.

Finally, there is one overarching error, reflected in all aspects of Hayek's multi-faceted work, whose importance cannot be overstated. Inspired by David Hume,²² among others, he enthusiastically embraces epistemological skepticism. Hayek rejects the suggestion that certainty is possible with regard to knowledge, and instead declares that, because human reason is so inept and so limited, the guiding principle of social interaction should be an adherence to traditions and customs. Here is the flaw in skepticism: While it is true that human beings are certainly capable of error; the identification of error *presupposes* the possibility of knowledge with certainty. How else can one state that he is "sure" that an error has been committed? How can Hayek be so sure that socialism is a mistake?

He builds his case against socialism upon a foundation of skepticism, never realizing that this actually precludes any clear conclusion. It is a foundation, not of concrete, but of shifting sands.

Conclusion

Considering the foregoing testimony to Hayek's murky thinking, ambiguous terminology, and outright errors, the reader may be quite justifiably perplexed. How is it possible that a radical and rigorous defense of capitalism can be built on such a shaky base? The truth is it *cannot*. Hayek is almost universally perceived—by both his enemies and his allies—as some sort of hard-core advocate of capitalism.²³ Nevertheless, such a perception is false, if one takes capitalism to mean (as one should) a pure, unadulterated *laissez-faire* system in which the only role for government is the protection of individual rights via prohibitions on the use of force or fraud.

One might think that Hayek would disguise his true position, but that is not the case. He makes it abundantly clear that the *laissez-faire*, minimal state approach is not his. For instance, while discussing free-market, or classical, liberalism, he openly declares that “nothing has done so much harm to the liberal cause as the wooden insistence of some liberals on certain rough rules of thumb, above all the principle of *laissez-faire*” (1944, 17). If not *laissez-faire*, what does Hayek advocate? He suggests that what is necessary is the “planning which is required to make competition as effective and beneficial as possible” (1944, 42). Indeed, there is “a wide and unquestioned field for state activity” (Hayek 1944, 39). Hayek even admits that his position “does not mean that all state enterprises must be excluded from a free system” (1960, 224).

The list of specific governmental intrusions into the market which Hayek finds acceptable is quite long. It includes an “extensive system of social services,” restrictions on the smoke and noise emitted by factories, the prohibition of certain poisonous substances, limits on laborers' working hours, regulations concerning sanitary conditions for workers, limitations on deforestation, and the provision of roads and signposts (Hayek 1944, 37-39). Later he adds to the foregoing the imposition of compulsory health and old age insurance, city planning, public housing, public parks, compulsory education, taxation (if imposed proportionally), and compulsory military service (if required of everyone) (Hayek 1960; 143, 286, 314-16, 346, 351, 375, 377-78). Toward the end of his career he expands the list so that it also encompasses a guaranteed minimum income for everyone, the financing of schools and research, the enforcement of

building codes and pure food laws, the certification of certain professions, the provision of theaters and sports arenas, protection against natural disasters, and the use of eminent domain for the “public good” (Hayek 1979b; 44, 55, 59, 62-63).

Any politico-economic system that exhibits the above features cannot be called capitalism. What it is is a variety of the “mixed economy” that dominates the political landscape today. It is no wonder that Hayek’s arguments ring hollow to those who do advocate laissez-faire. He is not really a proponent of capitalism at all. He perhaps should not be categorized as a libertarian or classical liberal, but as a conservative, despite his protestations to the contrary (Hayek 1960, 397-411). Certainly he shares with political conservatives a reliance on traditions and customs, a belief that human reason is unreliable and severely limited, an altruist ethics, and a penchant for compromise.

What Hayek offers us is a dichotomy and a dilemma. He declares that the free market intentionally aims at private profits but unintentionally achieves the greater good of group prosperity. Socialism intends to assist the less fortunate by means of a centrally-planned economy, but it thereby unintentionally impoverishes everyone. He offers us, in short, either production without pride or virtue without prosperity.

Wherein lies his error? It lies in his failure to ground his work in a sound philosophical framework. He denies the fact that reason is the key to man’s survival and prosperity. He totally misunderstands the destructive nature of altruism and its role in socialist thought. He discards realism in favor of a mongrel mixture of skepticism and subjectivism. He dwells endlessly on an important, but secondary, attribute of the free market—its undeniable efficiency in generating and processing information—but ignores the ethical essence of capitalism. To put it bluntly, the “fatal conceit” of Hayek is his implicit assumption that a free society can exist without a rational philosophical base.

The world crisis of today is a moral crisis—and nothing less than a moral revolution can resolve it. . . . [One] must fight for capitalism, not as a “practical” issue, not as an economic issue, but, with the most righteous pride, as a *moral* issue. That is what capitalism deserves, and nothing less will save it. (emphasis in original) (Rand 1961, 54)

1. Despite the joint nature of the award, Hayek and Myrdal were neither collaborators nor allies.
2. Nevertheless, there existed at least one glaring gap in his study of such areas of philosophy as epistemology, ethics, and politics. Namely, he seems to have been totally unaware of Ayn Rand.
3. See the comments by Hayek's editor, and long-time friend, W. W. Bartley III in Hayek (1989, x).
4. For a brilliant exposition of these issues, see David Kelley (1986).
5. For discussion of the Austrian School, see Shand (1984), Spadaro (1978), and Dolan (1976).
6. See Kirzner (1976) for elaboration on the evolution of economics.
7. Hayek (1960, 148-75) explains the Rule of Law in some detail.
8. Altruism is the ethical doctrine which posits that the highest moral good is achieved when one serves others rather than oneself. Hayek is inconsistent in his use of the term. Sometimes he appears to use altruism as a synonym for generosity or benevolence toward one's friends or family, which can be fundamentally egoistic rather than altruistic.
9. In fairness it must be admitted that Hayek does not deny that human reason possesses some value. He is, however, quite skeptical of its power and reliability.
10. The Austrian School economist Ludwig von Mises might also be mentioned in this context. However, Mises, despite his interest in certain philosophical (especially epistemological) issues, does not offer the reader a complete system of thought as does Rand.
11. Anyone who seeks a fuller understanding of Objectivism should consult Sciabarra (1995) and Peikoff (1993) in addition to Rand's own works.
12. The author of this essay, although he may disagree with Rand on some points, is very much in accord with the fundamentals of her philosophy.

13. For presentations of Objectivism see Rand (1957, 936-93; 1964; 1967; 1990).

14. See Den Uyl and Rasmussen (1984, 3-18) for an explanation of the Aristotelian elements in Rand's work.

15. The author does not claim to have read everything Hayek ever wrote. However, he has examined all of Hayek's better-known works as well as most of his lesser works and journal articles. He has not yet found a single reference to Ayn Rand.

16. See Kelley (1986, 88-91) for his theory of perceptual "forms."

17. The author is aware that the relational nature of value needs to be developed much beyond these brief comments. It seems to hold promise as a possible bridge between Austrian economics and Objectivism.

18. Hayek might object that the second is clearly coercive because of the threat of physical force. But all that does is illuminate the fact that, to be meaningful, coercion must involve the initiation (or the viable threat of the initiation) of physical force. In Hayek's taxonomy persuasive acts and coercive acts are sometimes grouped together.

19. This is, of course, the famous "invisible hand" of Adam Smith.

20. His version of "individualism" is quite different from that espoused by Rand. See Hayek (1944, 14-19).

21. One has to wonder why Hayek does not openly tout the modern welfare/warfare state as desirable; since the process of cultural evolution allegedly produces, via adaptation, superior social systems. And the welfare/warfare state is clearly the result of a multitude of incremental cultural changes that have occurred over the last century. Of course, in a sense that is exactly what Hayek does do; because his "free society" is actually a modest welfare state. He is simply reluctant to call it that.

22. Hayek speaks of Hume as his "constant companion and sage guide" (1960, 420 n.9).

23. Ayn Rand was one of the rare, and early, exceptions. In a 1946 letter to writer Rose Wilder Lane, Rand responded to Lane's query about possible philosophical and political allies in the following way:

[T]hose who are with us, but merely do not go far enough, yet do not serve the opposite cause in any way, are the ones who do us some good and who are worth educating. Those who agree with us in some respects, yet preach contradictory ideas at the same time, are definitely more harmful than 100% enemies. . . . As an example of the kind of "almost" I would tolerate, I'd name Ludwig von Mises. . . . As an example of our most pernicious enemy, I would name Hayek. That one is real poison. (quoted in Mayhew 1995, 145)

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