

Reviews

ANDREW GAMBLE (1996). *Hayek: The Iron Cage of Liberty*. Westview Press, Inc. A Division of HarperCollins Publishers, Boulder Colorado, 1996. First published in 1996 by Polity Press in association with Blackwell Publishers Ltd., Great Britain. ix + 202pp; \$51.00 hardcover; \$19.95 paperback.

Andrew Gamble, a Professor of Politics at the University of Sheffield, has written a capable and often insightful overview of Hayek. The book serves as an introduction and commentary, largely sympathetic yet taking issue with Hayek on some fundamental points. I find the book interesting as an expression of one man's coming to terms with Hayek. In this review, I venture to psychologize not only about Gamble, but also about Hayek.

In his Preface, Gamble explains that the book grows out of an earlier article in the *Socialist Register*. In the final chapter, he expresses a yearning to maintain, in light of Hayek's teachings, "the core ideas and ideals of socialism" (p. 191). It is this yearning, I suspect, that has led Gamble into fundamental misunderstanding of Hayek. When someone of the left makes a close study of Hayek, he makes himself susceptible to being pulled into the vortex of libertarianism.

If Gamble misunderstands Hayek, however, he does so not in spite of any excellent clarity on Hayek's part. Hayek was unduly and even vainly abstract in characterizing liberty. I believe that Hayek made a major misstep in characterizing liberty, a misstep that results in more confusion and contradiction than someone of his political convictions need suffer.

Gamble's review of Hayek's thought has several noteworthy aspects. He argues that Hayek's turn toward broader political philosophy begins clearly with this 1935 edited volume, *Collectivist Economic Planning*. This study, along with the 1937 essay "Economics and Knowledge," lays the groundwork for Hayek's emergence as a leading political philosopher, manifested in *The Road to Serfdom* (1944) and subsequent writings.

Gamble nicely highlights the romantic nature of Hayek's liberal project. He notes that at the time there was nearly universal agreement that "the age of liberalism was over." Virtually all intellectuals and public figures had stopped believing in it, and those that kept the faith regarded the battle as lost, and were prepared to compromise with the conqueror. "But Hayek differed from [Karl] Polanyi and Schumpeter in believing that there was nothing inevitable about this triumph of collectivism Like an Old Testament prophet, he had stood firm and had proclaimed his faith while many around him who once shared his values had deserted the cause in the name of pragmatism and realism." And Gamble proclaims Hayek to have been a "truly great" social thinker who "turns out to have been more right than wrong It used to be the case that Hayek was taken seriously only by those who were ideologically sympathetic to his position. This is no longer true." (See pp. 3–8). Gamble is referring to those like himself.

Yet the basic notions of freedom and coercion, Gamble points out, are ill defined by Hayek. Hayek (1960:11) says freedom is the “state in which a man is not subject to coercion by the arbitrary will of another or others.” Hayek elaborates the meaning of freedom by introducing the concept of the rule of law, and so on (see 1960, esp. pp. 142–44). But “freedom” gains real content more by concrete illustration than by general definition.

The libertarian (or classical-liberal) notion of “liberty” means principally freedom of property, consent and contract. The substance of “freedom of property, consent, and contract” lies in policy positions against restrictions on such freedom, positions publicized today e.g. by the Cato Institute and the Institute of Economic Affairs. From the positions on the concrete policy issues, one finds a true cogency in the meaning of liberty—a cogency, that is, in the expression “property, consent, and contract.” Hayek chose, however, not to focus on concrete policy issues. Although the third part of *The Constitution of Liberty* treats labor law, Social Security, taxation, housing, agriculture, and education—and argues for policy reform in the libertarian direction—Hayek never gave his discussion of liberty a clear and firm rooting in the policy issues.

I believe that Hayek steered away from specific policy issues, focusing instead on broad policy ideas and the larger issue of socialism, because he wanted to engage his intellectual opponents. Hayek—who was the leading protégé of Ludwig von Mises and who spoke (in a televised interview) of having been “cured” by Mises—knew that his insights lead toward a radical philosophy of limited government, a philosophy which, as Gamble notes, Hayek was virtually alone in propounding. But Hayek wanted not to make this tendency too plain. To do so would be to ask his opponents to dive forthwith into what is now counted as a variety of libertarianism. For them, such a dive is an intellectual tailspin, and naturally rejected out of hand. Had Hayek presented himself, as Milton Friedman does, as utterly decided in favor of the outright abolition of occupational licensing, the FDA, and the post office, he would have lost any chance of ingratiating himself with many potential listeners. Friedman’s persona as combative and even impolite is intertwined with his determination to make his message clear by characterizing it with policy brass-tacks.

Hayek’s impulse to persuade his intellectual opponents is his characteristic aspect. He stood on the shoulders of Mises and others, and his philosophy was given specific content by Friedman and others, but Hayek stands out as the one keeping the conversation civil and mutually productive.

Nonetheless, I think that the abstractness that Hayek’s project called for led him into some difficulty. Hayek was the high theorist of liberty, and he made the mistake of trying to make liberty (or “freedom”) coincide with the desirable. This mistake was also made by Murray Rothbard (1978), another high theorist. But Hayek and Rothbard each had his own way of making for a perfect coinciding of liberty and the desirable. Hayek molded liberty to fit the desirable; Rothbard molded the desirable to fit liberty.

I favor a Rothbardian conception of liberty, but a Hayekian political philosophy. I favor Rothbard’s semantics for liberty and Hayek’s judgement of the desirable. I maintain that liberty and the desirable do not coincide always and everywhere.

The Rothbardian conception of liberty is freedom of property, consent and contract. This principle has three kinds of shortcomings. First, for many important public issues the principle simply does not apply. For example, it does not address what rules should govern

the use of government streets, parks, and schools. It does not address a thousand issues of public administration. Second, it has points of ambiguity, for example, in matters of pre-adults, implicit terms in agreements, and the blur that inheres between private, voluntary agreement and coercive local government. Third, it is not always and everywhere desirable.

Despite these three shortcomings, the Rothbardian conception of liberty is highly cogent, and speaks clearly on a great many policy issues. But the Rothbardian *political philosophy*, alas, unduly downplays the shortcomings, and, indeed, denies the third one. It asserts the *universal* desirability of establishing liberty, and in its *purest* form.

The Hayekian philosophy does not. To be sure, it favors, almost always, policy reform in the direction of purer liberty. Indeed, I suspect that Hayek acquired from Mises a primordial radicalism which only gradually found crisper expression. But Hayek's philosophy (and Mises's, for that matter) need not favor absolute purity of liberty. It may favor infringements on property, consent, and contract in such matters as weapons ownership, air pollution, easements for crossing land, eminent domain, immigration, many local government measures such as poor relief, and so on. Hayek's philosophy and those of Milton Friedman, David Boaz, and Charles Murray are all very similar. Rothbard's "anarcho-capitalism," too, is largely congruent. All are now properly considered to be varieties of libertarianism.

Hayek wisely rejected rationalist libertarianism. And he needed to distance himself from the slogan "laissez-faire." He genuinely rejected pure laissez-faire, but more importantly, he needed to win confidence. His ambition and his situation led him to put forth a very nebulous conception of liberty.

The alternative anti-rationalist course is to employ the cogent, Rothbardian conception of liberty (which is congruent with laissez-faire), but reject the Rothbardian view that it is everywhere desirable. My assessment of modern libertarianism is that it is maturing into this policy-rooted, wiser anti-rationalist course.

Hayek's lack of concreteness in characterizing liberty has in part allowed Gamble to misunderstand what Hayek and other libertarians really mean by liberty. And this misunderstanding of the fundamental idea of liberty lies at the heart of several connected misunderstandings by Gamble.

Gamble writes

[Hayek] defines negative liberty almost wholly in terms of the liberty of property-owners. Since on his own account the majority of citizens in the market order cannot be property-owners, and since he proposes no measures to enable them to become so, he appears to accept that there can be no return to the kind of liberal order which he favours (p. 190; see also top of p. 187).

Gamble reads Hayek as referring specifically to real property—land, buildings—when speaking of property. Gamble evidently does not understand that the term *property rights* speaks as well for property in one's own person and possessions, and therefore means freedom of consent and contract. This misunderstanding of what Hayek and other libertarians have in mind by "liberty" is rather astonishing, but somewhat less so when we observe Hayek's reluctance to characterize freedom of contract by referring to specific regulatory policies that encroach upon it.

Gamble reveals similar misunderstanding in comments he makes on the entrepreneur:

The ideal individual in the Great Society is the entrepreneur . . . Such a society would be composed of independent, self-employed producers . . . (p. 72) [Hayek] deploras the fact that most individuals are forced to be employees . . . (p. 82).

Because Gamble has not understood that employment, as a mutual exercising of the freedom of contract, is a characteristic expression of Hayekian freedom, he can conclude that it represents for Hayek some kind of injustice which individuals are “forced” into. Gamble regards as paradoxical Hayek’s approval of large corporate enterprise. He says that Hayek was inconsistent in not warning as well against such manifestations of “private power” (see pp. 190, 72f). Gamble’s failure to understand Hayek’s distinction between free association and governmental coercion follows directly from his failure to understand the meaning of liberty.

The same problem arises again in Gamble’s use of the term “socialism.” Hayek was quite clear in *The Road to Serfdom* (1944:33–34) that he would define socialism by its methods, not by its ideals. Something he did not make so clear is that the characteristic feature of socialism’s methods is the trampling of libertarian liberty. Again, Gamble misunderstands Hayek’s use of “socialism” and “collectivism” because he lacks a firm understanding of liberty. Gamble wrongly asserts that in Hayek’s view “[s]ocialism belongs to traditional society” (p. 180, see also 28). Gamble says: “[Hayek] remains trapped in a discourse which sets up liberalism and socialism as polar opposites” (p. 187). He fails to see the cogency of Hayek’s discourse, a cogency rooted in the distinction between freedom and governmental coercion.

Gamble faults Hayek for being inconsistent in utilizing evolutionary arguments (see pp. 83, 92, 113, 172, 190). He notes that Hayek is enthusiastic in his support of experimentation and evolutionary adaptation reform in economic affairs, but ambivalent on experimentation in political affairs. Again, Gamble misses the really fundamental distinction. The evolutionary mechanisms for spawning and survival of free and voluntary institutions are beneficial. Such institutions would include a local barber shop, the Girl Scouts, Sears, a church, a stamp-collectors club, Burger King, the American Cancer Society, and General Motors. For coercive affairs (notably political institutions) the evolutionary mechanisms are not so beneficial. Hayek saw clearly that in politics there is no set of spawning and survival mechanisms that is comparable to those for voluntary affairs. Hence, Hayek saw the need in political affairs for broad-based intellectual *persuasion*: “[Liberalism’s] aim, indeed, is to persuade the majority to observe certain principles” (1960:103). If there is a mechanism for beneficial selection in political affairs, Hayek may be said to have *embodied* it.

Finally, there is Gamble’s oxymoronic subtitle, “The Iron Cage of Liberty.” Although Gamble writes of Max Weber and the “iron cage of modernity,” the expression of the book’s subtitle is not used anywhere in the text of the book. It is merely used as the title of the concluding chapter. What Gamble seems to mean by the curious expression is that Hayekian liberalism scores poorly in achieving socialism’s “historic aims of liberty, equality, and solidarity” (p. 194). Again, a better understanding of liberty might have permitted him to see that libertarianism excels in fostering community spirit and civil society.

If Gamble misunderstands fundamentals in Hayek’s thought, that failing can in part be excused in light of the extreme abstractness of Hayek’s approach. Hayek refrained from

making specific judgements on public policy because he didn't want the radicalism of his notion of liberty to be too plain. In this respect, Hayek behaved like a politician, watering down his message with platitude and generality. But this watering down served a noble goal: getting those who disagreed to listen. Gamble's exploration is a case in point.

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