

Hayek's Political Philosophy and Its Philosophical Sources

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Thesis submitted to the
Faculty of Graduate and Postdoctoral Studies
in partial fulfillment of the requirements
for a doctoral degree in Philosophy

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Birsen Filip, Ottawa, Canada, 2013

Abstract

This thesis aims to broaden the discussion about the origins of some of the fundamental theoretical sources for Hayek's ideas regarding freedom and the state. It focuses on the debates between the Austrian School of Economics and the German Historical School of Economics, as well as the works of Popper, Mill, Humboldt and Hegel in order to identify their positive and negative influences on Hayek's views of freedom and the state. The originality of the thesis relates to the examination of Humboldt's political philosophy in terms of its influence over the formation of the components of Hayek's account of freedom, such as spontaneous order, the rule of law, the role of the state, and the nature of human knowledge. These components have assisted in Hayek's efforts to prove the superiority of open societies over totalitarian regimes. The thesis explains that Hayek's intellectual collaboration with Popper played a significant role in identifying many enemies of open societies. Both theorists agreed that historicism was a method commonly used and promoted by the enemies of open society; specifically, they accused Hegel of promoting historicism and, as a result, of being an enemy of open societies. However, this thesis disputes these accusations and argues that Popper and Hayek did not possess adequate knowledge of Hegel's theoretical work to make such claims. In actuality, Hegel was not an enemy of open societies, he recognized the potential devastating outcomes associated with them and sought solutions. The thesis also explores the idea that Mill was also worried about the detrimental features of industrial capitalism and, as a result, attributed a prominent role to "state activity" in securing the conditions of positive freedom. Hayek, meanwhile, viewed such forms of state interference as obstacles to attaining freedom. This thesis examines the topic whether or not Hayek actually sought to formulate a genuine form of freedom or if he merely valued freedom as a tool for the promotion of open societies over centrally planned economies.

Contents

Chapter 1. Introduction	1
Chapter 2. Hayek: Freedom and the State	14
2. 1. Introduction	14
2. 2. Why is it Important to Study Hayek's Idea of Freedom?	15
2. 3. Hayek's Conception of Freedom	18
2. 3. 1. <i>Economic Freedom</i>	23
2. 3. 2. <i>Negative Freedom</i>	28
2. 3. 2. 1. <i>Hayek and Berlin on Negative Freedom</i>	29
2. 4. Hayek on the Role of the State	40
2. 5. The Rule of Law	51
2. 6. Hayek on the Spontaneous Order	58
2. 7. Hayek on the Role of Knowledge	63
2. 7. 1. <i>Objectivism</i>	65
2. 7. 2. <i>Collectivism</i>	69
2. 7. 3. <i>Historicism</i>	73
2. 8. Conclusion	76
Chapter 3. Humboldt's Influence over Hayek's Conception of Freedom	80
3. 1. Introduction	80
3. 2. Why is it Worthwhile to Study Humboldt's Political Philosophy?	84
3. 3. Humboldt's Conception of Freedom	92
3. 3. 1. <i>Negative Freedom</i>	95
3. 3. 2. <i>Hayek's Break with Humboldt's Political Philosophy: Self-Development</i>	98
3. 3. 2. 1. <i>Harmonious Relationship</i>	101
3. 3. 2. 2. <i>The Unity of Diversity</i>	103
3. 3. 3. <i>Bildung</i>	105
3. 4. The Role of the State	107
3. 4. 1. <i>Humboldt and Hayek on the Limited Role of the State</i>	109
3. 4. 2. <i>Humboldt and Hayek on Guaranteed Minimum Income</i>	116
3. 4. 3. <i>Humboldt and Hayek on the Role of the State and Security</i>	118
3. 4. 4. <i>Humboldt and Hayek on Diversity</i>	120
3. 4. 5. <i>Education</i>	123
3. 4. 6. <i>Religion and Moral Values</i>	127
3. 4. 7. <i>Concluding Remarks on Humboldt and Hayek on the Role of the State</i>	130
3. 5. The Legal Framework	132
3. 5. 1. <i>Features of the Rule of Law for Humboldt and Hayek</i>	137

3. 6. Historicism	140
3. 7. Spontaneous Order	145
3. 8. Conclusion	152
Chapter 4. Hayek's Break with Mill's Conception of Freedom	158
4. 1. Introduction	158
4. 2. <i>The Sphere and Duties of Government</i> (1854) and <i>On Liberty</i> (1859)	162
4. 3. Mill and Humboldt on Individual Self-Development	166
4. 3. 1. <i>Development of Individuality and Harmonious Relationships</i>	169
4. 3. 2. <i>Individual Self-Development and Diversity</i>	171
4. 4. Mill on the Role of the State	173
4. 4. 1. <i>Mill's State and Perfectionism</i>	181
4. 4. 2. <i>Mill's View of the State According to Hayek</i>	183
4. 5. Mill on the Historicist Approach	188
4. 6. Mill on the Legal Framework	191
4.7. Conclusion	194
Chapter 5. Popper and his Collaboration with Hayek	199
5. 1. Introduction	199
5. 2. Popper's Intellectual Development	200
5. 3. The Historicist Approach	206
5. 3. 1. <i>Popper on the Historicist Approach</i>	208
5. 3. 1. 1. <i>The Historicist Approach vs. Social Engineering</i>	212
5. 3. 1. 2. <i>The Historicist Approach vs. Scientism</i>	216
5. 4. Conclusion	219
Chapter 6. Was Hegel an Enemy of Open Societies?	222
6. 1. Introduction	222
6. 2. Popper on Hegel and Historicism	228
6. 3. Popper on Hegel, the Prussian State, and Totalitarian Regimes	229
6. 4. Hayek's View on Hegel and Historicism	231
6. 5. An Evaluation of Popper and Hayek's Accusations against Hegel	238
6. 5. 1. <i>Hegel: An Apologist for the Prussian State?</i>	242
6. 5. 2. <i>Hegel and Constitutional Monarchy</i>	245
6. 5. 3. <i>Hegel on Freedom and the Institutions of Sittlichkeit</i>	249
6. 5. 4. <i>Hegel on the State, the Corporation, and the Polic</i>	254
6. 5. 5. <i>Hegel and Totalitarian Regimes</i>	261
6. 5. 6. <i>Hegel and Historicism</i>	265
6. 6. Conclusion	268

Chapter 7. The German Historical School of Economics vs. the Austrian School of Economics	273
7. 1. Introduction	273
7. 2. The German Historical School of Economics	274
7. 2. 1. <i>Cameralist Roots</i>	279
7. 3. The Austrian School of Economics	285
7. 4. Points of Contentions between the German Historical School of Economics and the Austrian School of Economics	287
7. 4. 1. <i>Ethical Values and State Intervention</i>	288
7. 4. 2. <i>Methodological Individualism vs. Methodological Collectivism</i>	290
7. 4. 3. <i>The Nature of Human Knowledge and the Natural Sciences</i>	293
7. 4. 4. <i>Inductive Methods</i>	296
7. 5. The German Historical School of Economics: Hegelian Roots?	299
7. 6. Conclusion	302
Chapter 8. Conclusion	305
Bibliography	318

Chapter 1. Introduction

This thesis examines the relationship that prevails between the state, economics, and individual freedom¹ in the works of Friedrich August Hayek (1899-1992). The primary objective of this thesis is to broaden the discussion of the philosophical sources for Hayek's concept of freedom and his views regarding the role of the state. It is a worthwhile endeavour to study Hayek's work in the area of political philosophy, as he formulated a conception of freedom that not only took the economic aspects of this concept into consideration, but also its legal framework, historical development and philosophical content. However, it should be clarified that my aim is not to provide a complete and systematic critical assessment of Hayek's philosophical sources; instead, I am attempting to describe the origins of some of the fundamental theoretical sources behind Hayek's concept of freedom and his views about the role of the state that have not been properly investigated or examined to this day. As such, this thesis provides few details about Hayek's personal life, unless they have a significant connection to the development of his intellectual work.

There is an abundance of material examining many different aspects of Hayek's ideas with respect to freedom and the role of the state, including a number of critiques from political and economic perspectives. This thesis does not constitute another extensive study of the contributions that Hayek made to the development of liberal thought and the discipline of economics, as I am primarily concerned with original sources of his conception of freedom with respect to the role of the state. Furthermore, while my thesis does attempt to examine some of the theoretical sources behind Hayek's accounts of freedom and the state, my intention is not to provide a comprehensive description of all of them. In other words, despite the fact that many fascinating thinkers and writers influenced the development and formation of Hayek's conceptions of freedom and the role of the state, I have selected only a few specific theoretical sources based on their originality and the strength of their influence, whether positive or negative, on the development of Hayek's political philosophy.

¹ The terms liberty and freedom are used interchangeably throughout this thesis.

As a result, my thesis will highlight the importance of five key theoretical sources in the formulation of Hayek's conception of freedom and his views regarding the role of the state, namely, the Austrian School of Economics, Karl Popper (1902-1994), John Stuart Mill (1806-1873), and two German thinkers from the 18th and 19th centuries: Wilhelm von Humboldt² (1767-1835) and Georg Wilhelm Friedrich Hegel (1770-1831). I will primarily focus on the works of Humboldt, Mill and Popper, all of whom had a positive influence on the development of Hayek's political philosophy. To be more precise, I will identify the specific aspects of their work that Hayek either explicitly incorporated or neglected in his conception of freedom and his views regarding the role of the state. Mill and Popper are very important as far as Hayek's intellectual sources go, because they not only made significant contributions to the formation of Hayek's concepts of freedom and the role of the state, but they were also influenced by the German thinkers of the 18th and 19th centuries.

Some analysts have argued that Mill influenced Hayek's writings, while others have claimed that similarities exist between the ideas of Hayek and those of Popper. However, to the best of my knowledge, there are no books, articles or commentaries that discuss the significant influence that Humboldt's ideas have had over the formation of Hayek's account of freedom and the role of the state. Thus, the originality of my thesis does not lie in its evaluation of Hayek's conceptions of freedom and the role of the state; instead, it is found in the fact that it identifies some of Hayek's fundamental philosophical and intellectual sources that have not been properly examined to this day, mainly focusing on the role of Humboldt and developing a more nuanced appreciation of Hegel's political philosophy, which had a negative influence on the formation of Hayek's political philosophy. More specifically, I will argue that Hayek defined his position through his criticisms of and attempts to refute Hegel's political philosophy, which he did directly at certain times and indirectly at others.

² Mill was also inspired by the great German liberal thinker Wilhelm von Humboldt.

My primary contribution to the field of knowledge is my arguments demonstrating that the German Historical School of Economics and Hegel's political philosophy negatively influenced Hayek's conception of freedom and his views regarding the role of the state. More precisely, I discuss how Hayek defined his positions on the role of the state and freedom through his critique of the German Historical School of Economics and Hegel's political philosophy. Furthermore, I explain how Hayek's collaboration with Popper not only resulted in both of them objecting to the historicist approach, but also in the two of them associating historicism with Hegel. I will also demonstrate that the manner in which Hayek interpreted German philosophers in the formulation of his ideas of freedom and the role of the state demonstrates that he possessed an insufficient understanding of the conception of freedom that prevails in the German tradition. This has serious implications for the assessment of his own position.

My thesis will be divided into eight chapters. After the introduction, the second chapter will briefly explain how Hayek became an influential figure in the discipline of economics, as he played a significant role in developing some of the fundamental ideas of free market capitalism in the 20th century. This chapter will also examine different components of Hayek's ideas pertaining to freedom and the role of the state. More precisely, it will focus on explaining his concept of freedom, which included negative freedom, economic freedom, the spontaneous forces of society, the rule of law, limited state actions, and the limited nature of human knowledge among its most important components.

I will begin this chapter by explaining the two main components of Hayek's idea of freedom, namely negative freedom (or "freedom from") and economic freedom. In terms of the former, he supported the notion that any attempt to realize equality via state authority or intervention would end up jeopardizing freedom, as he associated state intervention with coercion. Gaining a proper understanding of Hayek's idea of freedom requires a brief examination of the distinction that Isaiah Berlin made between positive and negative freedom in his book *Four Essays on Liberty* (1969). These differences will be investigated in order to better comprehend the limitations of Hayek's idea of freedom,

which I intend to argue excludes the concept of positive freedom in the sense of “rational self-mastery”, self-realization and self-actualization.

The second component of Hayek’s idea of freedom is economic freedom, which he viewed as the freedom of individuals to voluntarily choose how to earn, spend, save and invest their income based on their own values and without interference from any external forces in the marketplace (Hayek, 1994, p. 42). Hayek repeatedly stressed the interdependence between freedom in general and economic freedom in his work; he made it abundantly clear that economic freedom is “a necessary” condition for freedom in general. As a result, he highly valued the free market system for producing beneficial outcomes for each agent without relying on centrally designed or planned goals and ends by an external authority. Consequently, Hayek defended and promoted free market capitalism, not only for the freedom that it provides individuals as buyers, sellers, and producers in the marketplace, but also because he regarded it as the only system capable of resisting un-freedom, oppression and coercion on account of its capacity to co-ordinate the voluntary activities of individuals without the need for interference on the part of external authorities.

This chapter will also explain that he was strongly opposed to extensive state interference and planning. However, he acknowledged that the state had to play a role by establishing the rule of law so as to prevent the coercion of individuals by others and to secure individual rights and freedoms. Hayek maintained that, in order to prevent the coercion of one individual by another in a free society, the state itself should be the only entity to possess a “monopoly of coercion”. Nonetheless, this power to coerce has to be used to the minimal extent possible and its implementation needs to be based on predictable, “known rules” and laws, which limit the state’s power to coerce (Hayek, 1960, p. 21). Therefore, even though the state can intervene to establish legal order within a society so as to secure individual rights and freedom, it is necessary to place limitations on this power by means of a legal system, so that the state is prevented from transforming itself into a dictatorship. In other words, the state should be able to secure freedom while simultaneously respecting the rule of law. In addition to examining the role of the state

and the rule of law, this chapter will also discuss the reasons why Hayek valued spontaneous order over central planning.

Chapter three will attempt to demonstrate the importance of Humboldt as an original theoretical source for the development of Hayek's ideas on freedom and the state. To the best of my knowledge, no work has been done that examines the relationship between Hayek and Humboldt's ideas on freedom and the role of the state. My thesis will entail a comprehensive study of both their views. It is crucial to study Humboldt's ideas concerning the limits of state action in securing freedom in order to understand the theoretical origins of Hayek's political philosophy. In doing so, I make the claim that Humboldt's political philosophy constitutes one of the fundamental theoretical sources for various components of Hayek's concept of freedom, in addition to his work concerning the role of the state.

There are two methods to demonstrate influence over one's views. The first involves providing direct proof, such as citations and attributions. However, this method is not available on account of problems related to Hayek's improper approach to making citations and referencing his sources. The second method involves establishing indirect links between the respective works of the authors in question, which establishes a connection between their views and ideas. I employ the latter method in demonstrating that Hayek's political philosophy was influenced by the views of Humboldt specifically, by: proving Hayek's familiarity with Humboldt's work; presenting significant similarities in their arguments, concepts, and ideas, as well as the formulation of passages in their respective writings; establishing that those similarities occurred many times in different books and articles that Hayek published over the course of his entire career; and, revealing that cause precedes effect.

As Hayek did not systematically refer to Humboldt's political philosophy in his own publications, demonstrating the influence of Humboldt's political philosophy over Hayek's writings is not an easy task. It should be noted that Hayek did acknowledge Humboldt's contribution to the development of liberal thought and political philosophy,

which proves that he was familiar with Humboldt's work. The fact that Hayek did not properly cite his original sources means that this chapter will not be able to offer many examples of direct proof, citations and attributions to Humboldt's political philosophy in Hayek's actual writings. However, direct citations and references are not the only means by which to establish influence; this can also be made evident through other means, such as consistency and similarities in ideas, concepts, vocabulary, etc. Thus, chapter three will demonstrate Humboldt's influence over Hayek's political philosophy by explaining and comparing similar ideas, arguments, and concepts in their respective works; it will also highlight some of similarities in the vocabulary that both authors employed. More precisely, this chapter explains the considerable similarities between Hayek's thoughts on different aspects of freedom, the role of the state, and the development of the institutions of civilisation, with those put forth by Humboldt. I maintain that those similarities cannot be the outcomes of purely accidental parallelism.

I further make the case that Hayek's views on state authority and spontaneous order share many similar components and ideas with those of Humboldt. Specifically, Hayek was opposed to any form of state intervention designed to achieve material, intellectual and physical happiness and perfection. This is because both theorists held the belief that all state interference that attempts to deliberately arrange the "private affairs" of individuals would produce greater harm than benefit in terms of achieving freedom. In other words, Hayek, much like Humboldt, believed that it was impossible for any person or state authority to predict the future outcomes of an action aimed at deliberately arranging the "private affairs" of individuals. They claimed that the inability to obtain exact predictions was due to the nature of human knowledge and the complexity of social and economic life.

Hayek and Humboldt argued that the adoption of "a unitary plan" by the state, such as the achievement of the common good, would create many problems, because each individual is unique and possesses needs that are distinct from those of others. In other words, each person makes different choices that cannot be shaped according to "a unitary plan" or "fixed rules" to achieve common good. Thus, Hayek and Humboldt

agreed that any state that aims to improve the institutional framework by imposing specific moral values in order to achieve the good life or common good for its citizens would represent a danger for the free development of the soul and the capacities of individuals; this approach would actually reduce spontaneous actions on the part of individuals, and generally weaken any progress made by civilised societies. Instead, they believed that it was necessary to promote the use of “the spontaneous forces of society” and limit state actions that exercise coercive power in order to have freedom. In fact, both Humboldt and Hayek held the view that “human progress” and historical developments were not the outcomes of deliberate calculations, but rather that they were the results of spontaneous change, the complex and subjective activities of individuals, and unknown accidental events. Both authors also maintained that unknown accidental events had the potential to offset deliberative regulation. As a result, they rejected the existence of general “historical laws” based on the application of deliberate calculations, which would undermine spontaneous individual change.

In studying Humboldt, my objective is not only to highlight the similarities between his views regarding freedom and the role of the state and those of Hayek, it is also to examine how and why Hayek did not include self-development as a component of his conception of freedom, which was one the most important components of Humboldt’s idea of freedom. This topic will be also be discussed in the following chapter, as the highest levels of self-development was an important component of freedom in the political philosophy of John Stuart Mill, another economist and political philosopher who was widely considered to be the most prominent contributor to liberal ideas and laissez-faire economics in the 19th century; it also represents an important divergence between Hayek and Mill’s respective political philosophies.

The main focus of chapter four will be to demonstrate that, despite some differences in their views, components of both Hayek and Mill’s respective concepts of freedom and the role of the state can be traced back to Humboldt’s *The Limits of State Action* as the original intellectual source. To be more precise, I will argue that Mill’s *On Liberty* (1859) and Humboldt’s *The Limits of State Action* actually share many similar

viewpoints. Therefore, this chapter will concentrate on highlighting Humboldt's influence over different components of Mill's political philosophy, as well as the differences between Hayek and Mill's respective conceptions of freedom even though both of them derived these concepts, along with their views about the role of the state, from Humboldt's political philosophy. Furthermore, I will explain that Humboldt and Mill shared similar opinions on "individual self-development", as both of them defended the highest development of "each individual's potential", which is an important component of their respective concepts of freedom. Mill actually quoted some of the opinions that Humboldt expressed in *The Limits of State Action* to defend his own liberal views concerning the role of the state in the promotion of material, spiritual and intellectual well-being within the nation in his book *On Liberty*. Mill also took the detrimental features of industrial capitalism into consideration and, as a result, attributed a prominent role to "state activity" in not only securing freedom, but also in "the development of the citizenry", so as to allow them to participate in the institutions of the state (Gray, 1991, p. XXIII). In other words, he advocated state intervention to promote the conditions of freedom including "general public welfare", virtuous behaviours, and the intellectual and spiritual advancement of citizens. Conversely, Hayek, much like Humboldt, viewed such forms of state interference as obstacles to an individual's ability to attain freedom. For this reason, this chapter will examine why and how Hayek chose to neglect Mill's support for state intervention to offset the detrimental features of free market capitalism.

Subsequently, chapter five will then highlight the importance of Popper to Hayek's conceptions of freedom and the role of the state; Popper played a much different role compared to the two previously discussed authors, as he and Hayek made mutual intellectual contributions to each other's work. Both were very influential in their respective areas of specialization and both of them contributed to the development of modern liberalism. Also, their choices of research topic were often very similar; in fact, the aim of this chapter is to demonstrate their agreements in terms of the methodology of social science, combating collectivism and historicism, and defending individualism and open societies.

There is an abundance of material concerning the mutual intellectual exchanges that took place between Hayek and Popper, including very informative work by Caldwell (2004, 2006, 2009), Chmielewski (1999), Gombrich (1999), Hacohen (2000), Jarvie and Pralong (1999), just to name a few. Based on the work of these authors, in addition to Hayek and Popper's own publications, I will make the case that Hayek's concept of freedom and his views pertaining to German ideas and totalitarian regimes are similar to those expressed by Popper in *The Open Society and Its Enemies* (1945) and *The Poverty of Historicism* (1960). Although the ideas that Hayek presented in *The Road to Serfdom* and those put forth by Popper in *The Open Society and Its Enemies* represented the context of Europe in the 1930s and 1940s in that they concentrated on the problems that socialist forces and movements could create within a society, it is important to emphasize that I will not focus on the debate between capitalism (or open society) and socialism or communism.

Chapter five will also clarify that Hayek was not the only philosopher of the 20th century who sought to eliminate the historicist approach from all social sciences, as his views on the subject of "historicism" concurred with those of Popper. Popper, like Hayek, often warned "against the dangers of historicist superstitions" and accused the historicist approach of engendering totalitarian regimes in the 20th century. Although both of them associated the historicist approach with a number of specific thinkers including Plato, Marx, Hegel, Saint-Simon, d'Alembert, Turgot, Lagrange, Comte, Sombart, and Spengler, I will focus on their accusation that Hegel was a historicist theorist, as Popper directly attributed some of the devastating events of the 20th century to the Hegelian state.

Popper was of the opinion that the ideologies of "the Marxist extreme left wing", "the conservative centre" and the totalitarian regimes of the 20th century, including "Italian neo-idealism" and "Nazi totalitarianism", were strongly influenced by Hegelian "political philosophy" (Popper, 1966, p.30). The decision on the part of serious Hegel scholars and critics to not take Popper's attacks and arguments against Hegel very seriously after the publication of *The Open Society and Its Enemies* was, in my opinion, a

severe miscalculation. As it turns out, the accusations that Popper put forth against Hegel in this book directly influenced the political and philosophical ideas of Hayek, who was considered one of the central figures in the development of liberal thought and the concept of freedom in the 20th and 21st centuries.

The primary focus of chapter six is to examine Popper and Hayek's rationale for associating Hegel's work with historicism, as well as to investigate Popper's accusation that Hegel was an illiberal and an enemy of "open societies". It will explain that the possibility that Hegel's views exerted a negative influence over the development of Hayek's political philosophy. This is because Hayek defined his views regarding the role of the state, as well as his arguments against historicism and centrally designed systems, according to his opposition to and criticisms of the Hegelian state. Additionally, this chapter will explain why Hayek and Popper argued against historicist theorists so vehemently and how they defined their positions via their opposition to the views of their adversaries.

I will demonstrate that while some of Popper's views pertaining to the state and freedom were developed as a result of his criticisms of Hegel's political philosophy, he committed theoretical errors (which stand at the heart of his work) in his interpretation that Hegel's political philosophy was an enemy of "open society", promoted un-freedom, and influenced the essential intellectual principles and concepts of modern forms of totalitarianism. In fact, Popper and Hayek both misunderstood the importance that Hegel placed on striking a balance between state authority and freedom within the social, political, and economic arenas. An examination of the Hegelian state and its relationship to the achievement of freedom will make it clear that, contrary to the accusations levelled by Popper and Hayek, the Hegelian state is intended to secure the conditions required for exercising freedom on the part of all citizens, including the most vulnerable segments of the population. Thus, I will argue that the Hegelian state cannot be described as totalitarian or an enemy of "open societies".

Furthermore, I will use Hegel's political philosophy to criticize Hayek's views regarding the modern market economy. More precisely, I will argue that, contrary to Hayek, Hegel was fully aware of the contradictory character of the modern market economy (or "open societies") and its tendency to engender crises. That is to say, Hayek held an overly optimistic and less critical view of the modern market economy, whereas Hegel was able to appreciate the benefits related to the modern exchange economy, while still being able to recognize the negative outcomes associated with it; while Hayek promoted and endorsed the centrality of the modern exchange economy in the achievement of freedom, Hegel had a more realistic view of its potential consequences. Accordingly, Hegel sought solutions for people who lost their freedom, self-respect and honor, as a result of the modern exchange economy. Even though Hegel was not able to provide sustainable solutions for the potentially devastating outcomes of the modern exchange economy, he was able to foresee its often-disastrous consequences related to the intensive deregulation of economies.

Hayek and Popper's accusations that Hegel promoted historicism, as well as their association of Hegel with the rise of totalitarian regimes and devastating events in the 20th century (to some extent), allowed them to make influential arguments against state authority and interference. It was on this basis that Popper and Hayek claimed that "the road to serfdom" (or the road to unfreedom) is essentially "a German Road", which is primarily associated with the "Nazi totalitarianism" that was "directly inherited from Hegel". At the conclusion of chapter six, it will become evident that Popper and Hayek committed theoretical errors in their respective interpretations of the Hegelian state, as they did not appear to possess adequate knowledge of Hegel's theoretical work.

Chapter seven will demonstrate that Humboldt, Mill and Popper were not the only theorists whose views influenced Hayek's theories and writings. I will argue that Hayek's opposition to the German Historical School of Economics also played an important role in the formation of his political philosophy. More precisely, some of Hayek's ideas pertaining to the state and freedom were developed as a reaction against the view of the German Historical School.

Hayek is well known for his contributions to the Austrian School of Economics, which was originally founded to oppose the ideas of the German Historical School. These two schools of thought were at odds with each another on many issues including methodology, policies, problems, as well as economic, political, and social issues. However, my thesis will not provide a detailed explanation of the precise points of contention between the German Historical School and the Austrian School of Economics. Instead, it will explain how Hayek's ideas regarding freedom and the role of the state were influenced by his opposition to the views of the German Historical School, which he regarded as deriving from Hegelian influences. On these issues, I will argue that Hayek misinterpreted Hegel's political philosophy, as the Hegelian state is completely "incompatible" with the German Historical School's views of the state. In fact, the principles of the German Historical School were distinctly anti-Hegelian.

A comprehensive examination of the intellectual exchanges that took place between Popper and Hayek, as well as an analysis of Humboldt, Hegel, and Mill's thoughts on the relationship between the concept of freedom and the state, will assist in revealing the importance of some of the features that Hayek excluded from his own interpretation of this relationship. This exercise will also expose the theoretical errors that Hayek made in his interpretation of some of sources he used in the development of his concepts of freedom and the role of the state. In fact, at the conclusion of once this analysis, it will become clear that Hayek valued freedom for its instrumental value, as he basically used it to promote the free market economy over the welfare state and centrally planned economies and, as a result, he failed to provide a conception of freedom that includes the development of "self-understanding" and "self-realisation" as necessary components. In other words, freedom proved to be a very useful tool for Hayek in terms of promoting the superiority of free market capitalism, while providing people with a genuine form of freedom was of secondary concern at best. Nevertheless, Hayek's ideas regarding freedom and the role of the state merit study, as he was able to reach a wide public audience and influence the ideas, vision, and actions of the mass majority. He was also able to influence intellectual debates within the disciplines of economics and

political science and convince “the wider world” that a strong correlation existed between a free market economy and political freedom.

Chapter 2. Hayek: Freedom and the State

2. 1. Introduction

Friedrich August Hayek (1899 – 1992) was well known for his contributions to the Austrian school of economics³, as well as for being a very influential figure in the discipline of economics, who played a significant role in developing some of the fundamental ideas of free market capitalism in the 20th century. During his career, he attempted to develop a theory against “socialist economic order”, which resulted in an extended analysis of “the nature of liberal capitalist society” and different economic and social orders (Feser, 2006, p. 2). However, Hayek’s intellectual contributions were not limited to the field of economics, as his persistent work and serious analysis of the prevailing economic and social order resulted in contributions to an array of disciplines including psychology, sociology, the history of ideas, the philosophy of law, the philosophy of science and political philosophy (Feser, 2006, p. 2).

A number of Hayek’s intellectual contributions received significant attention, as evidenced by the abundance of material examining and criticizing much of his work, particularly his views regarding the development of liberal thought and the discipline of economics. However, Hayek’s contributions to the discipline of philosophy have not yet received the sufficient attention that they merit. It is a worthwhile endeavour to study his work in the area of philosophy, as he formulated a conception of freedom that not only took the economic aspects of this concept into consideration, but also its legal framework, historical development and philosophical content. This chapter will examine different aspects of Hayek’s ideas pertaining to freedom and the role of the state. More precisely, the focus will be on the manner in which he associated his concept of freedom⁴ with the western tradition, which counted individualism, the spontaneous forces of society, the rule of law, restrictions on state actions, the development of the institutions of

³ Hayek’s interest in economics began with Carl Menger’s *Principles of Economics* (1871) (*Grundsätze der Volkswirtschaftslehre*), which is accepted as “the founding document of the Austrian school of economics” (Caldwell, 2004, p. 19, Hayek, 1989, p. 48).

⁴ Hayek used terms freedom and liberty interchangeably.

civilisation, and the possession of dispersed knowledge, among its most important components.

The first part of this chapter will briefly present some of the reasons why it is worthwhile to study Hayek's account of freedom and his vision for the role of the state. After demonstrating that he was a very influential figure in the discipline of economics and the development of liberal thought, the second section of this chapter will examine and explain his conception of freedom, while the third section will focus on his views regarding the role of the state. The fourth section will concentrate on the role of the rule of law in Hayek's conception of freedom. It will explain that while Hayek's account of freedom and the role of the state rejected state intervention and planning⁵, he nevertheless defended using "legal and moral restraint" in order to achieve freedom. Section five will investigate the role of spontaneous forces (i.e. self-generating and self-growing forces) in the achievement of freedom according to Hayek's political philosophy. It will also discuss the reasons why Hayek valued spontaneous order over central planning⁶ or any other system of co-ordinating social, political and economic activities on the part of the state. The sixth section will focus on the relationship between the concept of freedom and the role of nature in human knowledge; more precisely, this section will explain that, according to Hayek, the radical ignorance of individuals is an important part of the achievement of freedom. This chapter will be concluded in section seven.

2. 2. Why is it Important to Study Hayek's Idea of Freedom?

Hayek was well known not only for his role in the Austrian school of economics, but also for his contributions to the London School of Economics (LSE) along with his colleague Lionel Robbins⁷ (1898-1984). In fact, the two of them were credited with creating the "resistance" that developed against John Maynard Keynes (1883-1946) at

⁵ The term planning is not used in the ordinary sense; rather, it is used to mean "central planning".

⁶ In this thesis, the term "central planning" is used to define "collectivist planning" by a central authority.

⁷ Lionel Robbins, who was influenced by "Hayek's teacher Ludwig von Mises (1881-1972)", was the one that appointed Hayek to the LSE in 1931 (Hacohen, 2000, p. 317).

LSE in the 1930s (Hacohen, 2000, p. 317); thus, during his time at LSE, Hayek, who was regarded as “an economist of the first rank”, earned a reputation for being “the only intellectual opponent” of Keynes (Van Overtveldt, 2007, p. 341). Besides being an influential figure at LSE, Hayek also worked at a number of other prestigious universities including, the University of Chicago and the University of Freiburg (Germany). Interestingly, when he first applied to work at the University of Chicago’s economics department his candidature was rejected, which led to his hiring at the university’s “social and moral science on the Committee on Social Thought”⁸ (Van Overtveldt, 2007, p. 343). The economists at the University of Chicago were opposed to “his appointment” in their department, as they considered *The Road to Serfdom* “too popular” for “a respectable scholar to perpetrate” (Mirowski and Plehwe, 2009, 2009, p. 165).

In addition to his work at the University of Chicago and other prestigious universities, Hayek is also well-known for his contributions to the Mont Pèlerin Society, where he actually served as “president” from its founding in 1947 until 1960 (“honorary president thereafter”). During this time, he gained prominence for not only inspiring the Mont Pèlerin Society⁹ and being its long-serving president, but also for being one of its founding members along with Raymond Aron, Aaron Director, Milton Friedman, Albert Hunold, Frank H. Knight, Ludwig von Mises, Karl Popper, Michael Polanyi, and George Stigler (Hayek, 1989, p. 132, 133, Mirowski and Plehwe, 2009, p. 13, 15, Van Overtveldt, 2007, p. 344). This group of thinkers, with specializations in a variety of different disciplines including economics, philosophy, law, history, and political science, collaborated on the development of liberalism, with each individual member playing a significant role in promoting, “strengthening” and protecting “liberal ideas” (Van Overtveldt, 2007, p. 344). Basically, the Mont Pèlerin Society could be described as a

⁸ Some have speculated that Friedman was actually opposed to the prospect of Hayek’s appointment to the department of economics on account of his rejection of applying scientific methods to the discipline (Van Overtveldt, 2007, p. 344). However, although they did have their differences regarding economic methodology and monetary policy, there is no doubt that Friedman agreed with many aspects of Hayek’s work in the areas of social and philosophical thought (Van Overtveldt, 2007, p. 345). In fact, even though many of the economists at the University of Chicago agreed with the liberal views that Hayek put forth in *The Road to Serfdom*, they, nonetheless, opposed his “appointment” to the economics department on account of some major disagreements on economic issues and because they viewed “*The Road to Serfdom* as too popular a work for a respectable scholar to perpetrate” (Hayek, 1989, p. 24).

⁹ After the success of *The Road to Serfdom* in Europe and the U.S., Hayek conceived the notion of gathering internationally renowned thinkers that defend liberal traditions for the purpose of advancing the development of liberal thought; this resulted in a ten-day conference involving 39 persons at Mont Pèlerin, which culminated in the founding of the Mont Pèlerin Society (Hayek, 1989, p. 132, 133).

collection of “the opponents of socialism in the intellectual, political, and business worlds” (Boettke, 2006, p. 51). Additionally, these opponents of socialism also endorsed “free markets, limited governments, and personal liberty” (Mirowski and Plehwe, 2009, p. 2).

Despite his important role as a founding member and “president” of the Mont Pèlerin Society and his significant contributions to the development of liberalism, Hayek’s role as a dominant figure in the discipline of economics from the time of the Keynesian revolution right up until 1970s¹⁰ was almost forgotten. However, after the decline of Keynesian economics¹¹, Hayek gradually gained prominence in the discipline of economics culminating in being awarded the Nobel Memorial Prize in Economics in 1974¹². Thus, he ended up becoming one of the most influential academics in the political, social and economic arenas. Although Hayek never held an official post in the political arena, he was nevertheless a very influential figure and a source of inspiration for a number of prominent politicians including Margaret Thatcher and Ronald Reagan (Backhouse, 2006, p. 34). It is well documented that Thatcher publicly endorsed the contents of *The Constitution of Liberty* as the basis of her Conservative party’s platform (Feser, 2006, p. 1, Miller, 2010, p. 12, 13). Furthermore, “Reagan claimed that his thinking on economics was directly influenced by Hayek’s writings” (Feser, 2006, p. 1). In addition to inspiring a number of prominent politicians, Hayek was also regarded as the successor to the classical liberals, namely John Locke and Adam Smith. Even though he was not a libertarian and he “distanced himself from the sort of free market utopianism”, he was viewed as an important figure for libertarian philosophers, primarily Robert Nozick (Feser, 2006, p. 2, 6). In fact, “Nozick cited Hayek’s *Individualism and Economic Order*, along with Mises’s *Socialism*, as the works which converted him away from socialism while he was in graduate school (Nozick, 1986)” (Feser, 2006, p. 11, n.5).

¹⁰ After the death of Keynes, Hayek was convinced that he would become “the best-known economist living” (Hayek, 1989, p. 143). Hayek said: “But ten days later it was probably no longer true. At that very moment, Keynes became the great figure, and I was gradually forgotten as an economist” (Hayek, 1989, p. 143). For a very long time, Hayek was viewed as an ideologue and his ideas were not taken seriously by most economists.

¹¹ With the victory of “Thatcher’s conservative government” in 1979 election, “British Keynesian academics locked out of policy formation” (Tribe, 2009, p. 69).

¹² Hayek had to share the Nobel Prize with Gunnar Myrdal.

In addition to being an influential economist, a source of inspiration for a number of well-known politicians, and an important figure for libertarian philosophers, Hayek was also regarded as “a philosopher of freedom” since the publication of *The Road to Serfdom* in 1944 (Backhouse, 2006, p. 34). In fact, his role in economics and his work in an array of disciplines played important parts in communicating his concept of freedom to a wider public. Furthermore, his economic views and his emphasis on the importance of individual freedom, which he frequently expressed in his books and articles, not only influenced the Reagan-Thatcher Era, but also the development of liberal thought. These are among the many reasons as to why it is vital to study and analyze Hayek’s idea of freedom as well as some of its fundamental theoretical sources that have not been properly examined to this day.

2. 3. Hayek’s Conception of Freedom

Hayek’s conception of freedom and his views regarding the role of the state were largely developed prior to and during his involvement with the Mont Pèlerin Society, which began in 1947, as well as during his time at the University of Chicago, which culminated with his publication of *The Constitution of Liberty*¹³ (1960). The basis for his conception of freedom can actually be found in his early writings, especially *The Road to Serfdom* (1944); while this publication was addressed to socialists, it was, in fact, a reaction to the decline of freedom in Britain. Hayek did not rely upon economic arguments and reasoning to justify his views in *The Road to Serfdom*, which is partly to blame for its eventual acceptance, by academics, as a book written for a popular audience even though Hayek was not regarded as a “shrill ideologue” or “popularizer” (Feser, 2006, p. 3, Hayek, 1989, p. 24). Still, he was very conscious that, despite the fact that *The Road to Serfdom* was an immediate success, gained “a wide audience in Britain”, and “created a sensation in the United States”, the opinions that he expressed in it would never be taken seriously by “economists”, “civil servants”, “academic philosophers and social scientists” (Hayek, 1989, p. 19, 20). As a result, he devoted all of his efforts at the

¹³ Hayek wished that “*The Constitution of Liberty* would be the *Wealth of Nations* of the twentieth century” (Van Overtveldt, 2007, p. 344).

University of Chicago to writing *The Constitution of Liberty* in an attempt to gain the respect of the academic community.

In *The Constitution of Liberty*, Hayek focused on explaining the historical background of freedom from earlier conceptions that prevailed since the times of the Ancient Greeks right up until the modern western tradition. Additionally, he attempted to answer philosophical questions and addressed the issue of applying legal restraints and assigning responsibility for the consequences of one's choice of action. Furthermore, he expressed concerns that the West "had largely lost faith in the traditions that have made it what it is" (Hayek, 1960, p. 2). To be more precise, he was basically worried that the "West had to a great extent abandoned the very belief in freedom" (Hayek, 1960, p. 2). Hayek's analysis of the loss of freedom in the West, as well as his examination of the formation of a concept of freedom, made it clear that his primary goals were to improve the institutions of western civilization and "to open the doors for future development" (Hayek, 1960, p. 5). In order to fully appreciate the value of freedom in the West, Hayek, in *The Constitution of Liberty*, often explained and compared the different situations that prevailed under totalitarian regimes and the liberal societies of western civilisation.

Many of the ideas that Hayek presented in his two influential books, *The Constitution of Liberty* and *The Road to Serfdom*, were shaped by a number of prominent thinkers, including Edmund Burke, Adam Ferguson, David Hume, Wilhelm von Humboldt, Ernst Mach, Alexis de Tocqueville, John Stuart Mill, Karl Popper, and Adam Smith, just to name a few. This is particularly true in the case of *The Constitution of Liberty* where, unlike in *The Road to Serfdom*, Hayek made significant efforts to understand the legal, philosophical and historical backgrounds of the concept of freedom as well as its relationship to both economics and the role of the state. However, despite his efforts to investigate these aspects (legal, philosophical and historical), he did not identify his idea of freedom with other forms that are distinct from his own, including "metaphysical" freedom (or "subjective freedom"), which basically refers to individuals pursuing their own will, reason, and conviction in their choices of action. Hayek also rejected any definition of freedom where the actions of individuals are "guided" by

common moral or ethical values, arguing that any requirements for conformity with moral values actually constituted “a denial of freedom” (Hayek, 1960, p. 79). In fact, he believed that, in order to have freedom, society had to accept the reality that each individual possessed his or her own moral and ethical values. He insisted that freedom had nothing to do with the possession of common moral or ethical values; rather, he explained that freedom represents “an opportunity” to do “good” or “wrong” based on one’s own individual moral and ethical values. Additionally, he did not associate freedom with following one’s desires, emotions, impulses, and compulsions. Despite this fact, it should be noted that he did not view one’s pursuit of passion as a state of un-freedom, which contrasted with the views of many of the other philosophers that formulated concepts of freedom

In addition to his rejection of subjective freedom, the notion of associating freedom with common moral or ethical values, and following one’s desires, emotions, impulses, and compulsions, Hayek also made a point of specifying that his concept of freedom contrasts with positive freedom. He associated positive freedom with socialism and distributive justice, which value the achievement of social freedom or collective freedom. For this reason, he regarded positive freedom as the “most dangerous” concept to the achievement of freedom (Hoy, 1984, p. 13). According to him, the desire for individual freedom was not the same as the desire for positive freedom (social freedom or collective freedom), where a state authority aims to deliberately design and achieve the common goals and ends of society (Hayek, 1960, p. 15). In fact, Hayek went so far as to regard efforts to achieve collective freedom, on the part of supporters of socialism, as the “extinction of individual freedom”. Furthermore, he did not take the term freedom to mean “natural freedom”, which he believed would drive men towards social chaos, even though defenders of rationalist theory assumed that individuals lived freely in the state of nature and used their reason to deliberately design institutions of civilisation. He was strongly opposed to rationalist theorists’ understanding of freedom, as he contradicted their views when he argued that civilisation and its institutions are not outcomes of rational design on the part of human beings.

Furthermore, Hayek distinguished his conception of freedom from “political freedom”, which he defined as “the participation of men in the choice of their government, in the process of legislation, and in the control of administration” (Hayek, 1960, p. 13). He basically regarded political freedom as “a sort of collective liberty”, which included the rights to vote, run for office, and participate in public affairs. However, he felt that possessing collective liberty and the rights associated with it in the absence of protection for other individual rights was not sufficient to have freedom, which meant there was no room “to be free as an individual” under collective liberty (Hayek, 1960, p. 13). In order to demonstrate that political freedom did not necessarily secure freedom, Hayek pointed out that there were a number of instances in the 20th century when democratic elections led to millions of individuals voting to elect a tyrant. In other words, he maintained that the ability “to choose one’s government is not necessarily” enough “to secure freedom” (Hayek, 1960, p. 14). His opposition to associating freedom with political freedom also stemmed from his belief that freedom is “constantly threatened by politics” under a democratic system (Barry, 1984, p. 275). He believed that freedom might not be sustained “if we relied on the mere existence of democracy to preserve it” (Hayek, 1960, p. 108). In fact, he argued that it was entirely possible for people to be free without participating in politics or voting during election periods. That means he did not regard political participation as a sign of freedom. Therefore, according to Hayek, political freedom contrasts with his concept of freedom, as freedom in and of itself is an individual matter, while political freedom is a collective issue.

Based on his books and articles, it becomes clear that Hayek rejected various components of freedom that have been regarded as important throughout the history of political philosophy such as subjective freedom, positive freedom, and political freedom, just to name a few. He was convinced that the concept of freedom was an individual matter and that its actualization required people to use their own knowledge in order to achieve their goals and ends within their own private spheres and within the boundary of the legal framework that guides their actions. Additionally, he also referred to freedom as the “condition of men in which coercion of some by others is reduced as much as possible in

society” (Hayek, 1960, p. 11). However, while Hayek regarded freedom as an individual matter, he insisted that its achievement required the presence of economic freedom and a legal framework so as to protect liberal rights, such as the private domain of individuals, private property and individual freedom¹⁴. However, requiring the protection of liberal rights does not mean the achievement of freedom was the outcome of central rational design. In other words, the institutions of freedom and the “universal rules of just conduct”, which are necessary for the protection of liberal rights, are not products of a central rational design that was able to predict and calculate all of the benefits associated with those institutions.

While formulating his idea of freedom, Hayek was aware that the concept of freedom involved not only economic and historical inquiries, but also those of a philosophical nature. In his formulation of the concept of freedom, it becomes clear that freedom pertains to the relationships that exist between different individuals who are able to spontaneously pursue their own plans and intentions within the particular dispersed knowledge that they possess while simultaneously bearing the consequences of their actions. In this formulation of the concept of freedom, he attempted to resolve a number of issues pertaining to this concept (freedom) including: how to co-ordinate the activities of millions of individuals without resorting to coercion on the part of the state or other members of society; and, how to utilize the dispersed and limited knowledge of people in a manner that allows for the realization of each agent’s particular goals and ends. In order to achieve individual freedom, where each agent can realise their particular goals and ends through the voluntary co-ordination of activities, Hayek examined the relationships that prevailed between the law, the spontaneous forces of the society, the nature of knowledge, limits on state actions via a legal framework, justice, and responsibility, as well as the correlation between economic freedom and the growth of civilizations. He reached the conclusion that, without freedom, it would not be possible to attain growth in knowledge, the development of civilization, or progress in humanity. Before explaining the roles of different factors in the achievement of Hayek’s concept of freedom, the

¹⁴ For Hayek, individual freedom referred to “the state in which a man is not subject to coercion by the arbitrary will of another or others” (Hayek, 1960, p. 11).

following two sections will focus on two primary components of freedom in his political philosophy: economic freedom and negative freedom.

2. 3. 1. Economic Freedom

Since Hayek focused on economics in his early work, it is not surprising that economic rules, concepts, and theories played a central role in his conception of freedom. In fact, the primary component of Hayek's conception of freedom is economic freedom, which emphasizes the importance of individuals voluntarily organizing their activities for the purpose of achieving better outcomes within the marketplace. The theoretical foundations for Hayek's concept of economic freedom were originally developed by the English classical economists, mainly through the works of Smith and Mill, both of whom frequently underlined the importance of economic freedom to the achievement of freedom in general. Much like Smith and Mill, Hayek repetitively stressed the interdependence between economic freedom and freedom in general (freedom of speech, freedom of expression, freedom of the press, and freedom of religion) (Hayek, 1994, p. 110). In doing so, he argued that any restrictions placed on economic freedom would inevitably affect freedom in general; further, he claimed that economic freedom would generate greater levels of wealth and prosperity compared to any other institutional structure.

According to Hayek, economic freedom requires the existence of a free competitive market, where voluntary cooperation and free choices on the part of individuals are necessary. For him, the minimum requirements for a properly functioning free market are "the prevention of violence and fraud, the protection of property and the enforcement of contracts, and the recognition of equal rights of all individuals to produce in whatever quantities and sell at whatever prices they choose" (Hayek, 1960, p. 229). As such, he regarded all of these requirements as important factors for the achievement of economic freedom. In addition to a properly functioning free market, Hayek also believed that economic freedom requires the existence of voluntary cooperation and exchange, where individuals and private enterprises constitute the main actors who attempt to

achieve their own particular goals and ends within the marketplace. He emphasized that “the order of the market...rests not on common purposes but on reciprocity, that is on the reconciliation of different purposes for the mutual benefit of the participants” (Hayek, 1967, p. 163). Furthermore, he explained that economic freedom also necessitates that individuals are able to freely enter into any occupation and willingly engage in any business enterprise. It also demands that individuals freely determine how to earn, spend, save and invest their incomes in a manner that is based on their own choices and values (Hayek, 1994, p. 42). Hayek was convinced that free choices on the part of individuals in terms of their own occupations, spending patterns, investments and consumption of goods would not only result in efficient outcomes in the economy as well as the achievement of freedom, but that it would also assist with individuals obtaining satisfaction with respect to the goals and projects that they initiated.

In explaining the importance of individuals possessing the ability to make free choices in terms of their own occupations, spending patterns, investments and consumption of goods, Hayek emphasized the role of the unrestricted adjustment of prices and wages in the achievement of economic freedom. He was of the opinion that prices and wages represented important means of communication within the marketplace that assist in co-ordinating the activities of millions of people without resorting to central planning. More precisely, he explained how variations in prices and wages transfer information between individuals who do not know one another (Hoy, 1984, p. 41). Basically, Hayek argued that “the price system allows the individual to use knowledge that he does not possess” (Miller, 2010, p. 59). As a result, individuals benefit from the knowledge that others possess. The importance that he attributed to the voluntary and mutual communication of information and knowledge between individuals led Hayek to strongly oppose state intervention in the economic arena.

Hayek was of the opinion that state control over the economy would require constant intervention in order to ensure that adjustments were made in accordance with changes that occurred within society, the environment, and in the nature of knowledge in general. This sort of intervention, even if done diligently, would endanger the proper

functioning of the free market system. Hayek also explained that any form of state intervention in the economic arena represented a threat to the achievement of both economic freedom and freedom in general. In doing so, he emphasized the importance of the fact that market order is dynamic and constantly changing; thus, individuals frequently alter their choices of action as new situations and circumstances materialize. According to Hayek, it is this emergence of new situations and circumstances in the marketplace (and also in social life) that result in economic indicators constantly changing. The prevalence of constant changes within the marketplace, in addition to the complexity of social life, led Hayek to claim that it is not possible to centrally and deliberately predict and plan the outcomes of the marketplace, as was attempted within socialist systems¹⁵. As a result, he reached the conclusion that, contrary to centrally planned systems, the proper functioning of the free marketplace would not only result in prosperity, greater opportunity for many individuals, and the efficient allocation of resources, it would also lead to the achievement of freedom in general.

In addition to emphasizing the importance of a properly functioning free market in the achievement of economic freedom, Hayek also highlighted the significance of competition in co-ordinating the activities of millions of individuals in the free marketplace. It should be noted, however, that he never accepted the validity of the notion of perfect competition. He explained that “competition operates as a discovery procedure...by conveying”, to individuals, “the information that there is opportunity” to “exploit special circumstances” (Hayek, 1976, p. 117). It is through this “conveying of information” via the competitive market that allows the dispersed knowledge of individuals to be widely and efficiently utilized. Hayek also emphasised the idea that competition is not only a very “efficient method” that works in the interests of everybody, but that it also prevents coercion or the arbitrary intervention of authority. In fact, he claimed that any sort of price, wage, quantity or quality control put in place by a state authority essentially represented a barrier to achieving the efficient “co-ordination of individual efforts”, which leads to “extra costs” being incurred by society and prevents

¹⁵ However, Hayek’s objection to rational planning should not be confused with an outright rejection of this practice under all circumstances. In fact, he was very conscious that individual agents deliberately plan their actions in order to achieve their particular goals and ends. According to him, this manner of planning one’s goals and objectives constitutes an important aspect of freedom.

competitive markets from functioning properly (Hayek, 1994, p. 42). However, Hayek was also aware that the proper operation of competitive markets required the “adequate organization of certain institutions like money, markets, and channels of information”, as well as an “appropriate legal system” (Hayek, 1994, p. 43).

In order to ensure the existence of competitive markets, as well as voluntary cooperation and exchange, where each individual can follow their own private and diverse goals and ends, Hayek emphasized the importance of protecting private property ownership. This is because he regarded competitive markets and the voluntary exchange of goods and services as the foundation of economic freedom, and this requires the mutual recognition of property rights on the part of economic agents. However, he believed that this mutual recognition of property rights could only be guaranteed through predictable and predetermined rules and laws enforced by the state. Specifically, Hayek believed that the recognition of property via rules and laws of the state permitted individuals to bargain voluntarily, both on a face-to-face and non-face-to-face basis, in order to determine the exchange value of commodities, which would allow for both the buyer and seller to peacefully realize their individual goals and ends when the transaction is concluded. He reached the conclusion that a system of free market exchange, where property rights are protected by the rules and laws of the state, would benefit the entire society, because the rule of law provides incentives to restrain the activities of individuals and achieve voluntary co-operation on the part of all members of society.

Hayek defended and promoted economic freedom, not only because of its role in the achievement of freedom in general, but also on account of its capacity to produce greater opportunities for individuals. He recognized that under economic freedom, where a competitive system and voluntary exchange are guaranteed, people are rewarded in “accordance with the value which their voluntary contributions have to their fellows” (Hayek, 1976, p. 120). While he did acknowledge the fact that economic freedom afforded a person from a poor segment of the population a lower chance of achieving “great wealth” relative to a person who came from a wealthy background, he nonetheless believed that there was no external authority that prevented the former from attempting to

achieve “great wealth” and freedom. In order to prove that a person residing in a liberal society possessed more freedom relative to their counterparts who operated under a system of central, rational prediction and planning, such as a socialist or communist state, he compared “a badly paid unskilled worker” in a liberal society with “a small entrepreneur in Germany or a much better paid engineer or manager in Russia”; in doing so, Hayek reached the conclusion that the former “has more freedom to shape his life” than the latter (Hayek, 1994, p. 113). To be more precise, the former has greater economic and individual freedom compared to the latter in that he is able to make considerable changes to many aspects of his life including his profession, residence, spending, leisure, and consumption (Hayek, 1994, p. 113).

In addition to his belief in the capacity of the self-regulating mechanisms of economic freedom to produce greater opportunities for individuals, Hayek also had complete faith in their ability to achieve better outcomes for the entire society. He believed that when people used their “skill” and “innate ability”¹⁶, they would not only contribute to the achievement of their particular goals and ends within the free marketplace, but that they would also unconsciously contribute to the achievement of common goals and ends that were in the best interests of the whole society without the need for a central, rational planning authority. More precisely, all actors, in attempting to achieve their separate plans, particular goals and ends within the marketplace, would realize mutually beneficial outcomes without having to follow any commands or dictates from others. Hayek argued that this was the way in which the activities of millions of people were organized within the free marketplace, where individuals do not need to follow commands and orders in order to realize the common goals and ends of society.

Hayek was highly confident that the self-regulating aspects of economic freedom possessed the ability to ensure freedom in general to some extent. He valued economic freedom because it allows for the less privileged classes to realize greater achievements and produce better outcomes for the entire society. Furthermore, he defended and

¹⁶ Hayek also recognized that, in addition to working hard, factors such as “luck”, “accident”, and utilizing one’s “skill” and “innate ability” also played key roles in the achievement of one’s particular goals and ends (Hoy, 1984, p. 50).

promoted economic freedom on account of its capacity to co-ordinate the voluntary activities of millions of people. Nonetheless, Hayek stated that, despite its significance, economic freedom on its own was not a sufficient condition for the achievement of freedom in general, as his concept of freedom required independence from the arbitrary power of external authorities. This will be further elaborated upon in the following section.

2. 3. 2. Negative Freedom

The second important component of Hayek's concept of freedom is negative freedom, which is defined "as the absence of coercion" (Hayek, 1960, p. 133). Although Hayek did not specifically refer to the "negative concept of freedom" by name, this is precisely what he so strongly advocated for and defended in *The Constitution of Liberty*. He often claimed that freedom is "the absence of a particular obstacle [or] coercion by other men", organizations, and agents (Hayek, 1960, p. 19). More precisely, for him, "coercion occurs when one man's actions are made to serve another man's will, not for his own but for the other's purpose" (Hayek, 1960, p. 133). That means coercion occurs when a man deprives others of their freedom. Even though Hayek explained that it was possible for a person, group of people, or an organization¹⁷ to act as coercers and deprive others of their freedom, he mainly focused on the coercive power of the state. He held the belief that any attempt to realize common goals and ends via state intervention¹⁸ was a form of coercion that would eventually jeopardize freedom.

Much of the literature on negative freedom also discusses the concept of positive freedom; these two conceptions of freedom are fundamentally divergent from one another. The negative concept of liberty (*freedom from*) is generally associated with

¹⁷ Unsurprisingly, Hayek also opposed granting coercive powers to monopolistic organizations and associations. His opposition to coercion should not be interpreted as an outright rejection of "organization" (Miller, 2010, p. 62). In fact, he believed that organizations could be "beneficial and effective", provided that they are voluntary; he was primarily opposed to coercive "monopolistic organizations" that could be categorized as "exclusive, privileged" (Hayek, 1960, p. 37).

¹⁸ However, despite his rejection of state coercive powers, he did defend the monopoly of coercion by the state for the purpose of preventing the coercion of citizens by other men. Specifically, he argued that state coercive power was justified in the event that it was used to prevent and protect individual rights and freedoms. However, aside from those few exceptions, Hayek believed that "we should accept only the prevention of more severe coercion as the justification for the use of coercion by government" (Hayek, 1960, p. 144).

libertarian political philosophers including Hobbes, and Locke from England, and Constant and Tocqueville from France. Meanwhile, the positive concept of liberty (*freedom to*) is associated with Rousseau, Hegel, and Marx (Berlin, 1969, p. 123, 124). In the 20th century, however, both positive and negative freedom have become associated with the writings of Sir Isaiah Berlin (1909-1997), who was of the opinion that positive and negative liberty were “two major conceptions of liberty in the history of ideas” (Gray, 1984, p. 325).

According to Berlin’s philosophy, the difference between positive and negative liberty is related to the distinction between non-intervention and self-governance. This distinction made by Berlin has actually been studied in some more recent publications, including: “The Market and the Forum: Three varieties of Political Theory” (1990) by Jon Elster; “On Negative and Positive Liberty” (1980) by John N. Gray; “Freedom as Antipower” (1996) by Philip Pettit, “The Idea of Negative Liberty: Historical and Philosophical Perspectives” (1984) by Quentin Skinner; and, “What’s Wrong With Negative Freedom?” (1989) by Charles Taylor. The remainder of this section will begin by discussing the concept of negative freedom according to the views of different writers, but primarily focusing on Hayek’s opinions; subsequently, it will concentrate on Berlin’s analysis of the topic. At the end of analysis, it will be evident that Hayek’s defence of the negative concept of freedom did not provide anything new or original relative to the work done by other philosophers on this subject over the course of history.

2. 3. 2. 1. Hayek and Berlin on Negative Freedom

It is frequently the case that the negative conception of freedom is compared with positive freedom, which requires, among other things, rationality, self-determination and self-realization on the part of agents. However, it is evident that Hayek’s conception of freedom excludes positive freedom in the sense of “rational self-mastery” and self-actualization, as defined in *Four Essays on Liberty* (1969) by Berlin. Berlin was of the opinion that negative freedom is related to answering following question: “What is the area within which the subject –a person or group of persons –is or should be left to do or

be what he is able to do or be, without interference by other persons?” (Berlin, 1969, p. 121, 122); meanwhile, positive freedom is concerned with answering following question: “What, or, who is the source of control or interference that can determine someone to do, or to be, this rather than that?” (Berlin, 1969, p. 122). In other words, the main difference between positive and negative freedom pertains to the fact that the first one tries to answer “By whom am I ruled”, whereas the second attempts to answer “What am I free to do or to be” (Berlin, 1969, p. 130).

Contrary to the negative concept of liberty, Berlin argued that freedom, in the sense of positive liberty, was based on personal autonomy, “self-mastery”¹⁹, “self-direction”, “self-realization”, and was more likely to be identified with moral and ethical values (Berlin, 1969, p. 131, 134). Positive freedom also involves “bearing responsibility for my choices”, and being “able to explain them by references to my own ideas and purposes” (Berlin, 1969, p. 131). Furthermore, Berlin explained that the positive concept of liberty, unlike negative freedom, also allowed for rulers to justify the necessity of coercion²⁰ or manipulation for the purpose of achieving the common good (Berlin, 1969, p. 132). He argued that individuals could not experience anything worse than having the coercive power of the ruler treat them as though they were mere tools for the achievement of the common good, which, in turn, meant they were unable to utilize their individual wills to determine their own goals and ends (Berlin, 1969, p. 136, 137). Thus, Berlin claimed that interference aimed at achieving the common good on the part of rulers, which did not exist according to the negative concept of freedom, degraded man and denied him the essence of what it is to be human (Berlin, 1969, p. 137, 140).

More precisely, based on the notion of attaining the common good, in addition to the conditions of positive freedom, the ruler is permitted to establish institutions and control the actions of individuals in order to establish a “perfectly harmonious society”. However, the ruler’s interference would not only restrict freedom, but it also has the

¹⁹Berlin describes the “positive conception of freedom as self-mastery”, which divides personality into two parts: “the transcendent, dominant controller”; and, the “empirical bundle of desires and passions to be disciplined and brought to heel” (Berlin, 1969, 134).

²⁰Berlin says, “coercion implies the deliberate interference of other human beings within the area in which I could otherwise act” (Berlin, 1969, p. 122).

potential to facilitate despotism, paternalism and authoritarianism (Berlin, 1969, p. 131, 153). Berlin was concerned that interference on the part of rulers would allow the rulers to “oppress” and “torture” individuals in the name of achieving freedom (Berlin, 1969, p. 133). He was of the opinion that “every dictator, inquisitor, and bully who seeks some moral, or even aesthetic, justification for his conduct” claims to impose his “creative will” in order to improve the lives of others (Berlin, 1969, p. 150). In other words, “every dictator, inquisitor, and bully” feels that “[he] must do for men (or with them) what they cannot do for themselves...because they are in no condition to know what is best for them” (Berlin, 1969, p. 151). Additionally, Berlin explained, “every dictator, inquisitor, and bully” believes that “when all men have been made rational, they will obey rational laws of their own natures” (Berlin, 1969, p. 151).

Berlin emphasized the idea that positive freedom, as rational self-determination, is very problematic. He believed that, based on the principle of rational self-determination, “rational men will respect the principle of reason in each other, and lack all desire to fight or dominate one another” (Berlin, 1969, p. 146). Moreover, Berlin was concerned that imposing rationality on everyone meant that the whole society needs to accept a single “pattern” to rationalize their choices and actions, in addition to realizing their capacities. In this case, any desires, wishes, values, and goals of individuals that were not deemed rational would be eliminated.

Berlin explained that if all individuals were rational self-determining agents, and “the universe is governed by reason, then there will be no need for coercion; a correctly planned life for all will coincide with full freedom –the freedom of rational self-direction-for all” (Berlin, 1969, p. 147). “This will be so if, and only if...the one unique pattern which alone fulfils the claims of reason” (Berlin, 1969, p. 147). In reality, however, all individuals are not rational and the ruler cannot wait to act until they become rational and agree with his decisions; as a result, the ruler has to oppress and coerce them into obeying his decisions. Thus, Berlin reached the conclusion that “the rationalist argument...has led...from an ethical doctrine of individual responsibility and individual self-perfection to

an authoritarian state obedient to the directives of an *élite* of Platonic guardians” (Berlin, 1969, p. 152).

Berlin defended the negative concept of freedom over the positive concept of freedom. Based on the negative concept of freedom, people are free so long as they are left alone to pursue their particular goals and ends as they see fit, without having anyone dictate how they should live their lives or attain their objectives. More precisely, Berlin was of the opinion that “the wider the area of non-interference”, the more choices that people have available to them, which translates into a greater degree of freedom (Berlin, 1969, p. 123).

Berlin argued that, unlike the positive concept of freedom, the negative concept of freedom does not permit the ruler to oppress and coerce citizens. According to him, negative liberty does not concern itself with who the ruler or master is, but rather, with what people are “free to do or be”²¹ (Berlin, 1969, p. 130). He believed that negative liberty was based on the absence of coercion and interference, which means people are free to make their own actual and potential choices in the absence of coercion and other forms of external interference aimed at achieving the common good. Berlin made it clear that coercion involves “the deliberate interference of other human beings within the area in which I could otherwise act” (Berlin, 1969, p. 122). However, he did not associate instances of individuals being unable to achieve their particular goals and ends on account of a lack of capacity, as it relates to poverty or poor health, with coercion (Berlin, 1969, p. 122). That means Berlin did not feel that wealth and income should play a significant role in “our assessment of the magnitude of freedom” (Gray, 1984, p. 334). In other words, according to Berlin, freedom is independent of individuals lacking capacity and opportunity due to poor health and their levels of their wealth and income.

Berlin nonetheless accepted that, in some cases, limitations might need to be placed on negative freedom in order to achieve equality, justice, peace, etc. He further

²¹ Berlin believed that the notion of freedom was not “logically” connected to any particular political regime (Berlin, 1969, p. 129, 130).

warned against confusing a lack of freedom with social norms, economic conditions, or other established values like political equality, peace, fairness, welfare, justice, and happiness (Berlin, 1969, p. 125, 129, 130, 167). That means Berlin accepted the notion that, in the struggle to achieve greater levels of peace, happiness, justice or economic equality, it is entirely possible to increase one or more of these values, while simultaneously decreasing or suppressing freedom (Berlin, p. 125). However, he also makes it clear that, in his view, it would be a mistake to regard the achievement of peace, happiness, justice or economic equality as being equivalent to freedom.

Although Hayek did not specifically refer to Berlin in his work on freedom, they shared many similar ideas on the concept of negative freedom. For example, both held the view that “it is not who governs but what government is entitled to do” that matters most in the achievement of freedom. They both regarded interference and coercion as key factors that inhibit freedom, because they conflict with individual free choice and prevent people from determining and achieving their particular goals and decisions. In fact, Hayek and Berlin both held the view that the primary threat to freedom was any form of coercive power, such as a “tyrant”, “monarch”, “dictator”, or “oligarchy”, each of which represented an enemy of freedom because they would implement obstacles to its achievement. Furthermore, they felt that non-interference promoted freedom, maintaining that people are free so long as they are left alone to make their own decisions and choices, independent of interference from the wills of another man, the state, or any other external authority in the achievement of their goals.

Hayek and Berlin believed that freedom required having “some assured private sphere” in which individuals are not coerced or prevented from using their own beliefs, intelligence, or knowledge in achieving their particular goals and ends. When defending the practice of protecting individuals against coercion, Hayek stressed the importance of assured private spheres, which include private property, individual freedom, and individual rights. The individual rights that he refers to are equivalent to those accepted as “the essential conditions of freedom” in the 18th and 19th centuries; they include “legal status as a protected member of the community”, “immunity from arbitrary arrest”, the

“right to [free to choose one’s] work”, and the “right to [free] movement” (Hayek, 1960, p. 20). He added a fifth right to that list, namely, the “right to property”, which is, according to him, “the most important guaranty of freedom” (Hayek, 1994, p. 115). He believed that those individual rights, when combined, held “all the elements required to protect an individual against coercion” (Hayek, 1960, p. 20).

Hayek believed that coercion does not necessarily involve acts of a violent nature. Rather, he maintained that coercion can exist any time the decisions or choices made by an individual within their private sphere are not determined by their own will, but through another person imposing their will. More precisely, he argued that, similar to Berlin’s concept of coercion, an individual is coerced each time he makes a decision without relying upon “his own intelligence or knowledge” or without adhering to “his own aims and beliefs”, but instead follows the ends of the external authority (Hayek, 1960, p. 21). His rationale was that, by attempting to impose uniform patterns and standards, individuals are essentially forced to choose actions that will help achieve the objectives of the coercer, which basically means individuals have been coerced into accepting the will of the coercer, thereby eliminating individual will from the choice of action. Hayek was of the opinion that any form of interference by an external authority in the private sphere of an individual represents a key factor in their lack of freedom, as it prevents them from using their own intelligence, conscience and knowledge; this is true even in the event that the interference is done in the form of non-violent coercion.

Hayek was not only concerned that the process of achieving positive freedom through non-violent coercion would lead to individuals losing their freedom, he was also worried that they would not even realize that their freedom had been taken away. This is because the state would attempt to manipulate its citizens through propaganda techniques in order “to convince them that the goals of the central authority are identical with their own” (Hoy, 1984, p. 41). For instance, the state authority may choose to impose laws requiring the redistribution of wealth and income in order to maximize the common good or welfare of society as a whole. People obey the laws of the ruler, because they feel as though they have consciously imposed these restrictions on themselves and, therefore,

accept them freely, meaning that they are not oppressed or enslaved by them. In following this course of action, the ruler will likely feel as though he has made his subjects feel free, because he has chosen to do what was best for them or, to put it another way, prevented them from doing what is wrong. Hayek argued that the acceptance of such interference on the part of the state authority, under the auspices of achieving positive freedom, represents a real threat to freedom, as the mind of an individual is essentially manipulated and made into a tool to be utilized by the government.

Hayek argued that defenders of non-violent state intervention designed to achieve positive freedom confused the lack of freedom with a lack of economic resources, equality, opportunities, fairness, welfare, justice, etc. In other words, Hayek rejected the idea of providing equality of opportunity, which would require that all individuals start their lives at similar levels in terms of material and social status. In fact, he believed that poverty or a lack of economic sources had nothing to do with a lack of freedom. Furthermore, he was of the opinion that freedom had nothing to do with achieving equality in people's skills, capacities, incomes and wealth. In fact, much like Berlin, Hayek did not associate coercion with an individual's inability to achieve their particular goals and ends on account of their economic and social conditions. Therefore, he did not regard the inequality of income and wealth within a society as a form of coercion²².

Nonetheless, Hayek was worried that defenders of state interference would attempt to justify coercion or manipulation on the part of the state authority for the purpose of defending the interests of the whole population in the name of equality of opportunity. He believed that this type of interference would inevitably lead to injustice, as different people are rewarded based on different principles. While Hayek did accept the lack of economic prosperity as a sign of incapacity, he did not regard it as an obstacle to freedom. He argued that while every society includes people who enjoy economic success, these people do not prevent others from attaining economic prosperity. In other words, he held the view (similar to that of Berlin) that even if a human being is not able to fully utilize freedom on account of inadequate social, economic, and health conditions,

²² However, Hayek would most certainly reject economic slavery, because it represents a form of coercion where one individual's freedom is deprived by another individual.

the value of freedom remains the same for all members of society, from the poorest and least educated segment of the population all the way up to the richest and most educated citizens. Therefore, contrary to the defenders of the positive concept of freedom, Hayek and Berlin regarded any state laws that required the redistribution of wealth and income for the purpose of achieving fairness, welfare, and justice, as real threats to the achievement of individual freedom.

Another reason for Hayek's rejection of state interference and coercion for the purpose of achieving positive freedom pertains to the free development of an individual's intellect, skills and capacity. He argued that, even though individuals feel that they make their own choices, it is important to note that their final decisions are essentially those that the state encouraged them to make through non-violent coercion in order to achieve societal fairness, welfare, and justice. Hayek believed that each time individuals are coerced into assisting in the achievement of fairness, welfare, and justice, the coercer prevents them from fully developing their intellect and capacity to make independent choices, or using their intelligence, knowledge, and their ability to achieve individual freedom. As a result, "the action of coercer" puts "the coerced in a position which he regards as worse than that in which he would have been without the action" (Barry, 1984, p. 273). For this reason, Hayek regarded the elimination (or minimization) of coercive power as a key element in the achievement of freedom. According to him, freedom requires "some assured private sphere" in which individuals are not manipulated, coerced or prevented from using their own beliefs, reasoning, and knowledge for the purpose of freely developing their intellect, skills and capacity (Hayek, 1960, p. 13). That essentially means that individuals should be capable of making choices or decisions within their private spheres, based on their own faculties, without being "subject to coercion by the arbitrary will of another or others", which endangers freedom (Hayek, 1960, p. 11).

Hayek and Berlin rejected state interference aimed at achieving the conditions of the positive concept of freedom. They also emphasized the importance of the rule of law in establishing a "frontier" between "the area of private life and that of public authority"; this notion was also proposed in the past by Locke, Mill, Constant and Tocqueville. Hayek also shared similar views with those thinkers regarding the rule of law, in that he

was conscious that “[w]e cannot remain absolutely free, and must give up some of our liberty to preserve the rest” (Berlin, 1969, p. 126). In other words, freedom requires obedience to the laws of society. However, based on the concept of negative freedom, the laws of society are imposed and founded by its members; they are not forced on people by coercive powers.

Despite the fact that there are a number of similarities between Hayek’s views on freedom and negative freedom and those of Berlin, they disagreed on the relationship between the rule of law and freedom. For example, in his short essay, “On Negative and Positive Liberty” (1984), John N. Gray explained that, contrary to Berlin, Hayek seemed to think that the rule of law that protects “basic liberal rights”, which also include individual freedom, is “a sufficient condition of social freedom” (Gray, 1984, p. 342). Berlin, on the other hand, believed that even though the rule of law is “a necessary condition of the promotion of liberty through the enlargement of options, it is not sufficient to render a diversity of options and life styles subjectively accessible to men, without which they must fail to attain the status of free men” (Gray, 1984, p. 342).

Hayek defended a limited state role in securing freedom and the private spheres of individuals via the rule of law. However, he opposed state interference designed to achieve the conditions of positive freedom. In fact, he associated the achievement of positive freedom with the paternalism of welfare states and the authoritarianism of totalitarian regimes; as a result, he sought to limit the likelihood of the former and completely eliminate the latter. In his short article, “What’s Wrong With Negative Freedom?” (1985), Charles Taylor objected to associating positive freedom with the authoritarianism of totalitarian regimes. He regarded this view as a “caricatureally extreme form, [that] refuses to recognize the freedoms guaranteed in other societies as genuine” (Taylor, 1985, p. 211). He continued by explaining that academics who associated positive freedom with totalitarian regimes were of the opinion that “coercion can be justified in the name of freedom” (Taylor, 1985, p. 211). In other words, “men can...be forced to be free” (Taylor, 1985, p. 211). However, he stressed that positive freedom as self-realization does not necessarily mean that a person has to be coerced to be free.

Additionally, Quentin Skinner, in “The Idea of Negative Liberty: Historical and Philosophical Perspectives” (1984), does not appear to believe that state interference designed to achieve positive freedom represents a threat to freedom. He explained that human beings are not motivated to acquire qualities that can assist in achieving the common good. However, he was mainly concerned with: the fact that human beings do not possess virtues by nature; people’s indifference towards one another; and, corruption, which would lead society into a state of un-freedom. As a result, he advocated for a state that would support the development of virtuous citizens that are willing to achieve the common good.

Gray claimed that “positive liberty suffered a transformation”; in other words, he argued that advocates of positive freedom supported “values other than liberty, such as the values of self-realization and of an integrated community” (Gray, 1984, p. 335). He further claimed that those values were accepted as “aspects of liberty itself”, but that it is incorrect to do so (Gray, 1984, p. 335). He further added that the concept of positive liberty was also transformed in that it went from supporting limited “political authority” to advocating “authoritarian determination with individual self-mastery” (Gray, 1984, p. 335).

Gray also tried to demonstrate some of the problems related to the negative concept of freedom. His main concern was that “negative freedom...can tell us nothing informative about the actual alternative available to an agent”, as “the measure of an agent’s freedom relative to his desires” (Gray, 1984, p. 338, 339). In other words, since an individual’s “desires” cannot be determined in advance via “empirical research”, it is not possible to know the extent of his freedom (Gray, 1984, p. 339).

Taylor also objected to “caricatural” interpretations of negative freedom”, which essentially maintain that freedom is “the absence of external physical or legal obstacles” (Taylor, 1985, p. 212). He believed that the negative concept of freedom should include “some notion of self-realization” (Taylor, 1985, p. 213). Through the inclusion of self-realization, “being able to do what one wants can no longer be accepted as a sufficient

condition of being free”²³ (Taylor, 1985, p. 215). Therefore, a person is not free if his motivations originate from his “fear, inauthentically internalized standards, or false consciousness” (Taylor, 1985, p. 215). Taylor argued that it was necessary for self-understanding and the “qualitative discrimination” of “motives” to be free. In other words, Taylor emphasized that freedom cannot be defined as “an opportunity-concept” and the absence of external obstacles; he was of the opinion that a person’s “internal obstacles” also play a significant role in restricting his freedom.

Phillip Pettit provides a different interpretation of negative freedom in “Freedom as Antipower” (1996). Here he differentiated between the concept of negative liberty as being free from interference and that of negative freedom as being free from coercion or domination. In doing so, he mainly focused on whether or not an act, interference or coercion damages someone’s choices (Pettit, 1996, p. 579). Thus, he explained that domination was related to an agent having power over another person or group of people and using this power to manipulate them. Pettit was of the opinion that “[d]omination is generally going to involve the awareness of control on the part of powerful, the awareness of vulnerability on the part of powerless...the powerless are at the mercy of the powerful and not on equal terms” (Pettit, 1996, p. 584). More precisely, he defined domination as: “if and only if...[one agent] has certain power over that other: in particular the power to interfere in the affairs of the other and to inflict certain damage” (Pettit, 1996, p. 578). In the end, Pettit defended the notion of freedom as non-domination and non-coercion instead of non-interference. In other words, he did not regard all forms of state interference as threats to the achievement of freedom. For example, according to Pettit, state interference intended to achieve the conditions of freedom does not represent a form of domination. To be more precise, state interference to cultivate “a sense of civic virtue” (or virtuous citizenship), which basically assists in modifying the beliefs and thoughts of citizens, would be compatible with negative freedom.

²³ Jon Elster, in his article “The Market and the Forum: Three Varieties of Political Theory” (1990), focused on explaining the difficulties associated with “the structure of social choice theory”; he was of the opinion that “the preferences people choose to express may not be a good guide to what they really prefer; and...what they really prefer may in any case be a fragile foundation for social choice” (Elster, 1990, p. 106). In fact, he argued against the assumption that individual preferences should represent social preferences, as it is not obvious whether all agents make choices in order to announce their real preferences. Individual preferences can differ from person to person based on external factors such as the choices made by other individuals, the desire to be different, and the other available choices.

Unlike Gray, Pettit, and Taylor, Hayek did not have a critical view of the negative concept of freedom. To the contrary, Hayek was more concerned with explaining why he rejected the idea of having the state provide the conditions required to achieve positive freedom. In fact, Hayek often used the negative concept of freedom to defend his views about the superiority of open societies. This led Hayek to not recognize the severity of problems associated with modern exchange economies and, as a result, he failed to understand how modern exchange economies prevented individuals from achieving positive freedom. In other words, he failed to attribute any role for the state authority in achieving the conditions of positive freedom. The next section will focus on Hayek's ideas pertaining to the role of the state, which are strongly related to his rejection of positive freedom and his defence of negative freedom, particularly his view that state authority and freedom would clash if the government ever attempted to extend its role beyond certain limits.

2. 4. Hayek on the Role of the State

Hayek used *The Road to Serfdom* and *The Constitution of Liberty* to lay out some of his criticisms regarding the expansion of the role of the state that took place through a series of small, gradual changes that were applied in many countries following the Great Depression of the 1930s. Increased state interference became prevalent with the dominance of Keynesian economics in the United States and England, as well as the application of central planning to collectivist systems (i.e. National-Socialism, communism, and fascism). Hayek believed that it was important to pay attention to this expansion in the role of the state that occurred since the Great Depression so as to understand the developments that produced totalitarianism²⁴. He interpreted the rise of totalitarianism not as a “reaction against the socialist trends”, but as a “necessary outcome” of collectivism (Hayek, 1994, p. 3). Hayek was convinced that socialist

²⁴ “In late August 1939 Hayek sent a letter to his friend Fritz Machlup saying that now that *The Pure Theory of Capital* was nearly done he would begin work on a new project, tracing the decline of reason from Saint-Simon to Hitler. The name of the book was planned to be ‘The Abuse and Decline of Reason: The Reflections of an Economist on the Self-Destructive Tendencies of our Scientific Civilization’” (Caldwell, 2004, p. 6). “The Abuse of Reason project” would focus on “the steady growth of scientism and of the planning mentality engendered the (in Hayek’s view, false) hope that scientific advances would allow the creation of a new planned socialist society. He would trace out the pedigree and history of ideas that had led the western world to totalitarianism” (Caldwell, 2004, p. 7).

elements produced totalitarianism, claiming that “the prevalence of socialist views” was the common element between Germany, Italy and Russia. He explained “in Germany before 1933 and in Italy before 1922 communists and Nazis or Fascists clashed more frequently with each other than with other parties” (Hayek, 1994, p. 29). Nonetheless, Hayek argued that they supported “the same type of mind” and that “their practice showed how closely they are related” (Hayek, 1994, p. 29).

In *The Road to Serfdom*, he tried to warn that “the forces” that ruined “freedom in Germany”, Italy and Russia were not unique attributes of those countries; they could exist anywhere. He explained that the disastrous outcomes caused by fascism, Nazism, and communism, all of which entailed the death of liberalism and the “prevalence of socialist views”, could be avoided or “prevented”, so long as society and the people that comprised it were able to recognize these movements and forces “in time” and understand where they “may lead” (Hayek, 1994, p. 6, 11, 12). He used *The Constitution of Liberty* and *The Road to Serfdom* to defend free market capitalism against socialist forces and movements that existed in democratic welfare states and sought to expand the state role within society by centrally coordinating the activities of millions of people, which had potential to eventually lead to totalitarian regimes thriving (i.e. fascism, Nazism, or communism).

In fact, Hayek proceeded to argue that Germany’s errors seemed to be “repeating” in United States and England. He was mainly referring to his perception that the governments of the United States and England were expanding the “powers of administrative agencies over the private life and property of citizens”, which he interpreted as a serious warning sign (Hayek, 1960, p. 244). To be more precise, Hayek viewed the expansion of different forms of state power into the private spheres of citizens as an indication that those two nations were heading in the direction of socialism (Hayek, 1994, p. 2). He did not believe that this constituted an “immediate” danger, as the situations in the United States and England were very different compared to what transpired in Germany. However, he nonetheless advocated for diligence in recognizing the warning signs of these dangers well before advancing on the long road to repeating

the errors of Germany. He firmly believed that even though many of the supporters of socialist forces in the United States and England valued “the liberal ideal of freedom”, they needed to understand that the achievement of their social, political and economic programs would produce “unforeseen but inevitable consequences”, as those programs would engender “a state of affairs in which, if the policy is to be pursued, totalitarian forces will get the upper hand” and would destroy freedom (Hayek, 1967, p. 226). Thus, Hayek regarded the growth of socialist forces²⁵ in the United States and England with concern, because he believed that they were precisely the same “forces” that abused power and led to “the rise of fascism and nazism”, as well as communism, in the 20th century (Hayek, 1994, p. 6, 16).

The rationale for Hayek’s warnings against the socialist forces present in the United States and England was that totalitarianism did not occur over a short period of time. It was “at least twenty-five years before the spectre of totalitarianism became a real threat, we had progressively been moving away from the basic ideas on which European civilisation has been built”, including the principles of economic and individual freedom (Hayek, 1994, p. 12). In *The Road to Serfdom*, Hayek devoted a great deal of time and effort to identifying the warning signs in Germany, Italy and Russia, in order to understand the developments that produced totalitarianism, which included “the fatalistic acceptance of inevitable trends”, as well as a demand for collective and conscious direction in national social services and programs. He argued that the various forms of collective, rational, and conscious control that existed in Germany, Italy and Russia advanced the destruction of Western civilisation and liberalism. He believed that, although those countries had different forms of collectivism, they all aimed to organize society, particularly its wealth and resources, in a manner that would allow for the achievement of teleological goals and ends without recognizing the particular goals and ends of individuals.

²⁵ Hayek regarded the growth of socialist forces and the achievement of their ideals as a “break” with “the whole evolution of Western civilisation”, which includes contributions made by Christianity, the Ancient Greeks and the Romans, as well as many well-known thinkers such as Smith, Hume and Locke.

Hayek believed that the achievement of teleologically evaluated goals and ends does not make any sense as there is typically no “agreement on the relative importance” of common ends to be achieved within a society (Hayek, 1976, p. 3). According to him, individuals possess multiple and diverse ends that cannot be made commensurable, because it is typically the case that the particular interests of individual citizens conflict with one another. Basically, he was arguing that people cannot necessarily agree on the priority of certain collective interests over others; however, at an individual level, they can reach an understanding as to the means by which to realize their particular goals and ends, because they recognize the fact that they will not be able to achieve their particular goals and ends without doing so.

Hayek explained that even if individuals agreed on the achievement of teleologically established goals and ends, the fact that the conditions and situations faced by the society are constantly changing means that attempting to achieve those goals and ends through the collectivist system would involve continuous intervention and regulation on the part of the state, which would necessitate that the state possesses perfect information (or knowledge). In other words, the state would need to possess all knowledge relevant to the rational planning and organization of social, political and economic activities within society in order to achieve common goals and ends. Thus, Hayek argued that it was impossible for the state to achieve teleologically established common goals and ends, because it was not feasible for a government to possess perfect information and knowledge. Aside from this fact, Hayek also believed that such a system of achieving common goals and ends through the planner or engineer would attribute too much power to the central authority. He was of the opinion that granting too much influence to the central planning authority in terms of organizing social, political and economic activities would ultimately engender the abuse of power by the state, which could eventually lead “to dictatorship because dictatorship is the most effective instrument of coercion and the enforcement of ideals, as such, essential if central planning on a large scale is to be possible” (Hayek, 1994, p.78). That means constant interference on the part of the state would inevitably limit and/or suppress individual freedom, which runs contrary to Hayek’s belief that “the absence of prescribed common

ends” creates “a society of free men” (Hayek, 1976, p. 111). In other words, according to Hayek, being a free agent requires that the actual attainment of particular goals and ends be totally dependent upon the choices of actions made by individuals, as opposed to social engineers or planners. He reached the conclusion that following one’s own goals and ends was far more important than adhering to those of another person or abiding by a set of collective needs in order to achieve teleologically established goals and ends²⁶.

Even though he was adamantly opposed to totalitarian regimes, Hayek did not view them as the only legitimate threats to freedom. He was also highly critical of the paternalism of the “social democratic welfare state” and argued vehemently against extending the role of the state within the social and economic arenas for the purpose of ensuring distributive justice and greater equality. He explained that defenders of distributive justice supported various types of social and economic programs and services because they viewed them as “efficient method of providing for the specially needy” (Hayek, 1960, p. 289). He was of the opinion that “[f]ree choice of occupation and free decision by each of what he wants to produce or what services he wants to render are irreconcilable with distributive justice” (Hayek, 1967, p. 258). He further explained that distributive justice is not only irreconcilable with “freedom of action but also with freedom of opinion”, because it “requires that all men are made to serve a unitary hierarchy of values” (Hayek, 1967, p. 258). He argued that “[d]istributive justice...demands not only personal unfreedom but the enforcement of an indisputable hierarchy of values, in other words, a strictly totalitarian regime” (Hayek, 1967, p. 258). Thus, Hayek reached the conclusion that distributive justice has “meaning only within an organization whose members act under command in the service of a common system of ends, but can have no meaning whatever in a...spontaneous order which can have no such common system of ends” (Hayek, 1967, p. 170).

Furthermore, in his arguments against distributive justice, Hayek wanted to clarify that freedom should not be confused with having the ability or resources to do something.

²⁶ Hayek recognized the fact that, under certain circumstances, it was entirely possible for “individual ends” to correspond to common ends (Hayek, 1994, p. 67); however, this correspondence is not the result of a unified effort on the part of all individuals.

In other words, he believed that the unequal distribution of wealth and income resulting from the free marketplace did not constitute an obstacle to the achievement of freedom. Therefore, he did not regard economic inequality within a society as the outcome of “injustice”, but rather as the product of “misfortune” (Plant, 1994, p. 165). He often argued that distributive justice is meaningless and unjust in the context of free market capitalism, as it requires the state to treat its citizens unequally (Hoy, 1984, p. 49). To be more specific, he explained that the achievement of distributive justice meant that “people who differ greatly in strength, intelligence, skill, knowledge and perseverance” had to be treated accordingly by the state (Hayek, 1976, p. 82). Thus, Hayek claimed that the defenders of distributive justice were essentially arguing that the state should provide benefits to some people (i.e. the disadvantaged and deficient), while preventing others from reaching a particular state of affairs. In other words, while disadvantaged and deficient people might be dealt with based on uniform rules to ensure equality and justice, others may need to be treated unequally by the arbitrary powers of the state.

Hayek argued that, within a free society, it is not the state’s business to ensure equality and justice based on the distribution of wealth and income. In fact, he was of the opinion that justice had nothing to do with “the protection of vested interests and the creation of new privileges”, meaning that differences in people’s incomes, levels of success, efforts and choices cannot be interpreted as just or unjust. Additionally, he also claimed that distributive justice had nothing to do with “an innocent expression of good will towards the less fortunate, but that it has become a dishonest insinuation that one ought to agree to a demand of some special interest which can give no real reason for it” (Hayek, 1976, p. 97). Hayek’s analyses of the relationship between justice, income, and wealth distribution led him to reject any form of state interference aimed at assuring particular ends for particular people by mandating “the redistribution of resources to equalize people’s ability” and incomes in order to achieve freedom (Plant, 1994, p. 166).

In his discussions, Hayek stated that attempts to equalize people’s ability via state interference would inevitably fail because individuals were different and unequal by “nature” and through “nurture” (Miller, 2010, p. 78). In other words, individuals inherit different capacities and talents by nature and receive different types of education and

treatment from their families and environment and by nurture; when taken together, these factors engender differences in their capacities, skills, incomes, wealth, goals and objectives. Based on this premise, Hayek claimed that liberty had nothing to do with achieving equality in people's skills, capacities, incomes and wealth, stating that "not only has liberty nothing to do with any other sort of equality, but it is even bound to produce inequality in many respects" (Hayek, 1960, p. 85). Therefore, he regarded the inequality of income and wealth within a society as an important aspect of free societies and freedom²⁷ in general.

In addition to the existence of misfortune and inequality, Hayek explained that the failure to achieve one's particular goals and ends, as well as the frustrations associated with being unable to do so, are typical elements of a free society. He believed that numerous factors existed that could account for such a failure, including conflict of interest, lack of knowledge, changes within a society and its environment, etc. According to him, those factors play a significant role in the subsequent decisions on the part of individuals in a free society to alter their particular goals and ends. In other words, individuals might have to alter their actions by using their knowledge of particular situations and conditions to make many miniscule and immediate decisions aimed at achieving their particular goals and ends. However, Hayek was also very clear that the state should never alter an established course of action that was being pursued in the name of distributive justice or greater equality, in order to accommodate the frustrations and failures of individuals that were unable to achieve their particular goals and ends. This is on account of the fact that he thought free individuals are fully capable of evaluating their own failures within their dispersed knowledge and, as a result, are able to abandon "false means" in favor of adopting new ones so as to achieve their particular goals and ends²⁸. That means Hayek strongly supported the view that individuals should use their dispersed knowledge, skills and capacities; he further argued that an individual's "material reward should not be determined by the opinion of his fellows or his moral

²⁷ Hayek defended the inequality of income and wealth within a society on the basis that they engendered the creation of new products, values and lifestyles that would eventually be accessible to everyone including the poor.

²⁸ Nonetheless, despite his rejection of deliberate and conscious calculations on the part of the state to achieve common goals and ends, Hayek assumed that individuals did, in fact, make deliberate and conscious calculations in order to achieve their particular goals and ends.

merits but by the value which they attach to the particular services he renders them” (Hayek, 1967, p. 233). He contended that “one of the great merits of a free society that material reward is not dependent on whether the majority of our fellows like or esteem us personally” (Hayek, 1967, p. 233).

In his arguments against distributive justice, Hayek reached the conclusion that since the state or any person cannot possess accurate information about the particular aims, dispersed knowledge, skills, and capacities of individuals, it is impossible for a central authority (i.e. social “engineer” or planner) to co-ordinate the activities of millions of individuals for the purpose of achieving the common goals and ends²⁹ of the state. Rather, he believed that individuals possess different goals and ends, and distinct conceptions of welfare and justice that cannot be reduced into a single definition of common good by the state authority. In other words, the multiple ends of millions of people cannot be organized according to the achievement of distributive justice based on the adoption of a single “common ethical code” by the central conscious planning authority (Hayek, 1976, p. 108).

Hayek was of the belief that the concept of distributive justice conflicted with liberal principles, as it leads to the destruction of individual freedom by prescribing positive rules of conduct. Hayek actually defended the individualism³⁰ of liberalism against the supporters of collectivist systems, claiming that the “individual” has to be “the ultimate judge of his ends” (Hayek, 1994, p. 66). However, he also made it clear that individualism did not entail being egoistical or selfish, even though individuals’ selfish or altruistic goals and ends motivated them to exchange or barter the fruits of their labour³¹ in the market place. In other words, he did not believe that individuals always acted as economic agents seeking to maximize their self-interest in every situation. Rather, he

²⁹ The achievement of common goals and ends represents the satisfaction of the “sum of all the private interests”.

³⁰ According to Hayek, the origins of individualism could be traced back to “Christianity and the philosophy of classical antiquity” (Hayek, 1994, p. 17).

³¹ In fact Hayek was opposed to mainstream economic views of individualism. More precisely, he rejected the idea that “Agents are assumed to be rational, in the sense that they exhibit consistency in choice over well-ordered preference functions, and they are assumed to have full information. Tastes and preferences can be virtually of any form, but, whatever they are, they are assumed to be unchanging...agents are motivated only by their own narrowly defined self-interest, with the result that their utility functions are independent of those of other agents” (Caldwell, 2004, p. 281).

was of the opinion that individualism is basically “the respect for the individual man..., the recognition of his own views and tastes as supreme in his own sphere” (Hayek, 1994, p. 17). In his defence of individualism, Hayek also stressed the importance of individuals taking responsibility for their behaviour as well as the consequences of their own actions. Nonetheless, despite his staunch defence of individualism, Hayek was still very conscious of the fact that individuals were dependent upon society and social relationships for the achievement of their interests, particular goals and ends.

In his arguments against distributive justice, Hayek defended Kant’s categorical imperative, as he identified “the test of justice” with “universalizability, i.e., of the possibility of willing that the rules should be applied to all instances” (Hayek, 1967, p. 168). Hayek maintained that, in a free society, justice cannot be achieved by promoting “particular results to particular people” (Hayek, 1967, p. 173). This is on account of his belief that “considerations of justice provide no justification for correcting the results of the market and that justice, in the sense of treatment under the same rules, requires that each takes what a market provides in which every participant behaves fairly” (Hayek, 1967, p. 177). Hayek defended justice in the sense that it leads individuals to behave in a manner that will achieve the “peaceful coexistence of free men” (Hayek, 1976, p. 97); he also defended “equal liberty in terms of being equally free from coercion under a set of universal and abstract laws preventing mutual coercion” (Plant, 1994, p. 166, 167). However, he did not believe in the existence of a concept of “social justice” that was separate from justice itself (Hayek, 1967, p. 177).

Hayek’s objection to the role of the government under socialism and social democratic welfare states did not mean that he strictly subscribed to the laissez-faire approach and believed that a state served no purpose whatsoever. In fact, he was opposed to the “laissez-faire” approach³² and, as an alternative, proposed “the proper functions of the state” and “limits of state actions” (Gamble, 2006, p. 128). He believed that the state had a role in maintaining social order by preventing coercive acts on the part of its

³² Hayek was opposed to the “laissez-faire” approach on account of his belief that “individual intentional acts of exchange can be coercive and produce injustice” (Plant, 1994, p. 165). However, he did not think that the outcomes of individual actions in the free marketplace engendered “injustice”, as they (outcomes) are essentially the “unintended consequence of millions of individual economic exchanges” (Plant, 1994, p. 169).

citizens and establishing “a stable and fair context for individuals to act and pursue their own ends” (O’Hear, 2006, p. 139). Another reason why Hayek never defended a total laissez-faire system was his belief that state interference should never be guided towards improving a particular situation; rather, it should aim at “securing an abstract overall order” to improve opportunities and chances of all citizens (Hayek, 1976, p. 114).

Furthermore, despite his rejection of socialism and social democratic welfare states as enemies of liberalism, Hayek supported “a program for rational improvement of existing institutions³³, and also various measures of a broadly welfarist character” for the purpose of providing a social safety net (Shearmur, 2006, p. 149). For example, he supported a guaranteed minimum level of income for people in extreme misfortune or severe deprivation, as opposed to a system where the state secures greater social and economic equality for all. According to Hayek, a guaranteed minimum income does not “lead to a restriction of freedom, or conflict with the Rule of Law”; rather, it provides people with their basic needs and an opportunity to be part of the marketplace (Hayek, 1976, p. 87).

Hayek also argued that states should play an important role in certain activities such as building roads and defending the country in the event of invasion or violence by foreign forces, in addition to implementing policies to secure the conditions of freedom within society. He maintained that the coercive power that a state can exercise under certain circumstances (i.e. violence or injustice from foreign enemies or members of the society against their fellow citizens) had to be limited and should never represent a threat to the achievement of freedom. Additionally, he supported state intervention in the case of natural disasters, as the market system would not be able to supply the economy at such times. Hayek also advocated for the public financing of education, because he was of the opinion that some people may not have the ability to pay for this essential service (Hayek, 2011, p. 500-516). However, he simultaneously rejected the indoctrination of a common or single set of values through the education system, as this would constitute a

³³ According to Hayek, the improvement of existing institutions means working step by step, rather than a total construction or resigning the whole system.

threat to diversity (Hayek, 2011, p. 500-503). Nevertheless, even in spite of those specific cases, he did not attribute a great deal of importance to the roles played by the state and its institutions in the protection and promotion of conditions of positive freedom such as self-realisation.

Hayek reached the conclusion that supporters of socialist systems or welfare states did not value the achievement of justice and the common good through relying upon the spontaneous actions of individuals; instead, they valued doing so by relying on state action. In other words, supporters of socialist systems believed that achieving justice and the common good required attributing more power and a greater role to the state authority so as to permit it “to command people what to do” (Hayek, 1976, p. 66). However, that would mean that the state would need to intervene in order “to control effectively all the external conditions influencing the success of an individual’s efforts” (Hayek, 1976, p. 10). Hayek argued that such interference on the part of rulers for the purpose of achieving the common good or social justice actually denies freedom to individuals, as this would lead the state to assume that each person faces similar circumstances and has the same opportunities available to them. Contrary to the supporters of socialist systems or welfare states, he maintained that market order provides individuals with multiple opportunities to achieve their particular goals and ends as a result of different circumstances and spontaneous forces within society. Thus, Hayek reached the conclusion that “a society does not recognize that each individual has values of his own which he is entitled to follow can have no respect for the dignity of the individual and cannot really know freedom” (Hayek, 1960, p. 79). In order to gain a full understanding of Hayek’s conception of freedom and comprehend the distinction that he made between a state that leads to a system of un-freedom and one that provides and secures freedom, it is necessary to understand the role of the rule of law, which will be the main focus of the next section.

2. 5. The Rule of Law

Hayek regarded collectivist systems, which impose the distribution of wealth and income in order to achieve specific goals and ends for a society, as a decline in the rule of law. In other words, when the state aims to rationally and deliberately organize human actions so as to achieve teleological ends and goals, the rule of law loses its ability to act as a promoter and guarantor of individual freedom. In order to demonstrate the importance of the rule of law in Hayek's political philosophy, this section will mainly focus on his two books *The Constitution of Liberty* and *Law, Legislation and Liberty*. Hayek's examination of the philosophical and historical aspects of freedom in these two books made it apparent that he viewed liberal societies as ideal environments where freedom could be achieved and secured within a legal framework. For him, a legal framework is one of the fundamental features of a liberal society, as it provides protection for the private spheres of all individuals against the coercive powers of big governments and other external authorities. That means the coercive powers of governments and other external authorities are strictly limited by the rule of law in liberal societies.

In *The Constitution of Liberty*, Hayek described the rule of law as “a rule concerning what the law ought to be” (Hayek, 1960, p. 206). For him, rules are not “the product of design”, nor are they “issued by anyone in particular. Rather, they are norms that govern behaviour” (Caldwell, 2004, p. 293). The role that Hayek attributed to laws in his conception of freedom corresponds to the ideas expressed by Humboldt, John Locke and Adam Smith on the subject. All four of these theorists believed that achieving one's goals and ends necessitates obeying certain rules and laws, which are supposed to preserve and expand freedom. They all attributed significant importance to studying the origins and evolution of law. However, despite the significant evolution that took place in the area of law from the times of ancient Greece up until American constitutionalism³⁴,

³⁴ Hayek did not believe that totalitarian systems constituted the only threats to the achievement of freedom. For example, even though he valued the efforts to establish “a constitution for the USA” “during and after the [American] revolution”, a period that he regarded as “America's distinctive contribution to the growth of the Rule of law”, (Miller, 2010, p. 113, 114) and despite the fact that the constitution recognized and protected the freedoms of Americans and limited state actions, Hayek did not regard it as perfect or ideal document. He was actually very critical of the executive power associated with the American constitution, which he felt had the

this section will not focus on the specific contributions made by different civilisations and authors.

Hayek attached great significance to the system of law³⁵, because he did not interpret the term freedom to mean “natural freedom” or following one’s desires, emotions, impulses, and compulsions. In fact, he was conscious of the fact that natural freedom would drive men towards social chaos. He further argued that, in order to prevent social chaos and coercion, while still retaining some degree of liberty, certain restrictions or restraints were necessary to limit people’s actions and prohibit certain types of activities through a legal framework. As a result, he proposed that the state itself should be the only entity to possess a “monopoly of coercion” to enforce “rules of just conduct”³⁶ in order to avoid social chaos and prevent the coercion of one individual by another within a free society. Hayek was conscious that his defence of a “monopoly of coercion” by the state would engender various interpretations. For this reason, he stressed that while the state should be granted minimal coercive powers to permit it to secure freedom, the state should simultaneously be expected to respect the rule of law. In other words, even though the state can intervene to establish legal order within a society so as to secure well-defined property rights, individual rights (such as freedom of speech and association) and freedom, it is necessary to place limitations on this power by means of a legal system, so that the state is prevented from transforming itself into a dictatorship. Therefore, the actions of the state have to be limited within predetermined, foreseeable and known rules; according to Hayek, as long as the state respects the rule of law, its actions are legitimate. However, if the state did expand its role to the point that the rule of law was no longer respected, then the existence of a state “monopoly of coercion” and

potential to be a serious threat to the achievement of freedom. In fact, he was of the opinion that the Great Depression proved that his fears were justified, as Franklin D. Roosevelt’s measures included the provision that granted “unlimited powers” to the chief executive “in time of crisis” (Miller, 2010, p. 116).

³⁵ It is important to point out that Hayek outlined the differences between “public law” and “private law”. He argued that public law is “deliberately created for particular purposes”, while “private law is the result of an evolutionary process and has never been invented or designed as a whole by anybody” (Hayek, 1991, p. 363). Hayek divided “private law into criminal law and civil law” (Hoy, 1984, p. 70). According to Hayek, private law regulates the behaviour of individuals in that it secures private property and individual rights, whereas “civil law” secures freedom and “order” within society (Hoy, 1984, p. 70). Meanwhile, he regarded public law as “rules of organization” for the government (Hoy, 1984, p. 77). He divided public law into three separate types: “constitutional law”, which restricts state power and “allocates authority within government” (Hoy, 1984, p. 77); “financial legislation”, which focuses on the financial expenditures of the state; and, “administrative law”, which regulates the use of “public resources” by “governmental agencies (Hoy, 1984, p. 77). Basically, it can be said that Hayek divided law into different categories that permitted each agent to achieve his particular goals and ends.

³⁶ According to Hayek, rules of just conduct are negative rules; they “delimit the range of permissible actions but do not determine the particular actions a man must take at a particular moment” (Hayek, 1967, p. 167).

freedom would be contradictory. This is basically the situation that was established through the emergence of the central economic planning of the collectivist system.

Hayek was of the opinion that totalitarian regimes always abuse their coercive powers and fail to respect the rule of law. As a result, he argued that the rule of law ceases to be “a safeguard” and “the legal embodiment of freedom” under the central economic planning of the collectivist system, because the state’s coercive powers are no longer “limited by pre-established rules” (Hayek, 1994, p. 91). According to Hayek, unlike the central economic planning of the collectivist system, the rule of law requires that the state limit its political and economic actions within fixed rules. It is those fixed rules that prevent arbitrariness, because they are not the product of arbitrary power, nor do they not favour the interests of a particular individual or group of people³⁷ over those of another. Therefore, as long as state interference is “compatible with the rule of law, he thought, interference cannot be rejected” (Hayek, 1960, p. 221).

Hayek used the expression “rule of law” to describe a legal system that is based on predictable, known and universal rules that protect the private spheres of individuals from coercive powers. More precisely, according to him, “the rule of law depicts what the law should be in a free society”; it offers “a standard to which the laws should conform” (Miller, 2010, p. 102, 103). He believed that such rules and laws unify individuals with different backgrounds and objectives in a manner that allows them to co-operate without requiring any forms of coercion. In other words, he claimed that rules and laws represented the “framework” of social life, whereby individuals are responsible for their actions and can achieve their particular goals and ends by acting in accordance with the rules and laws based on their own values, convictions, and beliefs, uninhibited by interference on the part of an external force. Hayek maintained that, while acting in accordance with rules and laws may place certain restraints and limits upon individuals, it is not coercive, as rules and laws are “neutral as regards the ends of human action” (Miller, 2010, p. 104). In other words, restraints and limits would ensure that individuals

³⁷ Hayek explained that “the rules” to achieve distributive justice under socialist and welfare states are essentially “rules for the conduct of superior towards their subordinates” (Hayek, 1976, p. 86).

do not harm the rights of their fellow citizens. Hayek viewed restraint as a condition of freedom, as opposed to an obstacle to the achievement of freedom. He also believed that individuals progressively learned to exercise self-restraint over their actions by respecting the rule of law, which is not equivalent to following the commands or orders of others.

Other important characteristics that Hayek attributed to laws were that they are general (or abstract), negative, predictable and evolutionary. For him, “rules tend to develop from unconscious habits into explicit and articulated statements and at the same time to become more abstract and general” (Hayek, 1960, p. 148). That means they are “abstracted from all particular circumstances of time and place and refers only to such conditions as may occur anywhere and at any time” (Hayek, 1960, p. 149, 150). More precisely, the generality of law³⁸ implies that it is not concerned with a particular person, outcome, interest, or with a person’s specific actions, as rules are not supposed to made with “particular cases in mind” (Hayek, 1960, p. 210). That means, based on their “general and abstract” feature, laws are equally applied to “an unknown number of future instances and acts” and respected by everyone without exception, regardless of whether they are members of the government or merely part of the governed. In other words, Hayek believed that “the law should treat people alike in spite of inequalities that arise from nature and nurture” (Miller, 2010, p. 125).

The second important feature of laws is negativity; the negativity of law means it “does not impose positive duties” or “particular kind of actions” on anyone (Hayek, 1976, p. 36). Furthermore, the negativity of law involves “the range of permitted kinds of action”, which, according to Hayek, means that laws do not dictate how individuals should live their lives or achieve their freedom; rather, they provide a framework for the attainment of maximum freedom and serve “as means for assisting in the pursuit of a great variety of individual purposes” (Barry, 1984, p. 267, Hayek, 1976, p. 5, 36). Thus, individuals are not subjected to the wills of other people, which allows them to make their own decisions limited only by general and abstract rules. Therefore, individuals can

³⁸ The generality of law means that, “coercion is admissible only when it conforms to general laws and not when it is a means of achieving particular objects of current policy” (Hayek, 1960, p. 214, 215).

achieve their goals and ends in their private spheres by relying on abstract and negative rules, which determine what they are allowed to do in different situations.

The third feature, which states that law is predictable, means that the actions of the state and individuals have to be limited within predetermined, foreseeable and known rules. Finally, the last feature, which states that law is evolutionary³⁹, explains that laws developed over the course of human history. In other words, evolutionary law⁴⁰ refers to the gradual build up of the rule of law over time according to the continual relationship that prevailed between men, as well as the one that existed between man and nature. Hayek explained that these relationships (man with other man and man with nature) are spontaneous, unplanned, accidental and unpredictable.

Furthermore, as human knowledge regarding man and nature is fragmented and dispersed, the rule of law evolves according to progress in human knowledge. Additionally, Hayek also argued that, over time, changes in individual traditions, habits, codes of conduct, and values, all of which incorporate the contributions made by previous generations, play an important role in the evolution of law. That means Hayek was of the view that progress in society and changes in “human action”, social practices and circumstances reflected changes in the rules and laws of society. He explained that eventually, with each passing generation, people became conscious of the benefits associated with civilisation and progress, resulting in the evolution of legal frameworks within societies. In other words, the rule of law is the outcome of progress in human thinking, where man experienced the “formation and the modification” of his intellect, habits, and behaviours over the course of history. Therefore, laws change according to progress made in the area of human thinking, where the understanding of what is considered right and wrong within society evolves with the natural history of mankind.

Hayek wanted make it clear that laws were not the outcome of “the arbitrary commands of kings, commanders or legislators”. Additionally, they are not products of

³⁹ Hayek argued that “the Rule of Law was consciously evolved only during the liberal age and is one of its greatest achievements” (Hayek, 1994, p. 90).

⁴⁰ Evolutionary law meant “civil law”, “common law” and “judge-made law”.

deliberate invention or design. Rather, they are the result of spontaneous forces and a “gradual process of trial and error” (Hayek, 1960, p. 157). He argued that when laws and rules are outcomes of spontaneous forces, they can be evaluated and altered based on the emergence of new circumstances; however, when they are the result of “human design” or imposed by a coercive power, they cannot be easily altered when new conditions arise. Hayek also stressed that laws cannot aim to achieve “a specific end” or “a concrete result” (Hayek, 1960, p. 159). In other words, laws do not operate on the basis of making predictions. Thus, he contended that, since social life and circumstances are very complex phenomena, it is impossible to predict and alter the laws and rules that lead to the achievement of common goals and ends within social life, as was done under collectivist systems.

Hayek pointed out that the revision, refinement and improvement of laws should not be confused with their complete abandonment and replacement with the creation of new ones in order to achieve common goals and ends as was the case in collectivist systems. He regarded laws imposed from “the top-down” for the purpose of achieving desirable outcomes as “coercive”, even in cases where “there is no coercer” (Skoble, 2006, p. 178). He believed that the practice of abandoning existing rules and laws in order to create new ones to achieve specific outcomes could cause more harm than benefits. Furthermore, he insisted that the evolution of law could never be the outcome of a specific political agenda, nor should it favour the interests of a particular group of people; the only objective of the judge should be to preserve “the social order” (Butler, 1983, p. 123).

Hayek believed that it was important to understand that the law was not an outcome of “the design of super-human intelligence” or “super-natural force” (Hayek, 1976, p. 59, 60). He distinguished between “legislation” and evolutionary law, where the former basically refers to “the deliberate making of law” or “public law”, aiming to “direct and control” the activities of individuals, while the latter refers to “private law”, which is the gradual and spontaneous build up of the rule of law over the course of human history (Hoy, 1984, p. 74, Skoble, 2006, p. 174). In other words, “public law is

deliberatively created for particular purposes”, while “private law is the result of an evolutionary process and has never been invented or designed as a whole by anybody” (Hayek, 1991, p. 363). That means “rules of conduct” associated with “private law” determine “an order of action only in combination with the particular knowledge and aims of acting individuals” (Hayek, 1967, p. 169). Conversely, Hayek argued that public law aims “to protect a pre-existing spontaneous order and to enforce the rules on which it rests” (Hayek, 1991, p. 363). “Rules of organization” associated with public law determine “concrete action in the light of particular purposes” (Hayek, 1967, p. 169). For Hayek, “[t]he progressive displacement of the rules of conduct of private and criminal law by a conception derived from public law is the process by which existing liberal societies are progressively transformed into totalitarian societies” (Hayek, 1967, p. 169).

According to Hayek, public law serves the interests of society as a whole by guaranteeing and sustaining spontaneous order. Private law, on the other hand, serves “individual interest” (Hayek, 1991, p. 363). Hayek explained that making changes to private laws is a very slow process, because they are not deliberately changed or arranged. In the case of public law, however, legislators involved in developing the legal system aspired to “discover what would be regarded as just” (Hayek, 1976, p. 41). Hayek explained that, while legislators were very conscious of the fact that this development was the outcome of their intellectual work, that is not to say that they are “given unlimited power to invent whatever rules they thought fit” on account of their intellectual capacity (Hayek, 1976, p. 41). Furthermore, he emphasised the fact that legislators involved in developing the system of law are not inspired by the achievement of their own particular goals and ends. Thus, he argued that “no person or body of persons has complete freedom to impose upon the rest whatever laws it likes” (Hayek, 1960, p. 181). That means legislators cannot create rules that express their own will, as their role is limited by what would be accepted as universally right by the members of society. However, Hayek emphasized that the “guiding principle” of the legislators is “justice”, which basically involves “treating all under the same rules” (Hayek, 1976, p. 41).

Hayek was very clear that “Open Society” exists because of the abstract, general, negative, and universal characteristics of rules, as opposed to the notion that rules aim to achieve “particular results” and duties. In fact, he was very explicit in his arguments that the rule of law existed to protect the private spheres and freedoms of individuals, while not concerning itself with imposing “positive duties” or a “particular kind of actions” on anyone, such as implementing social policies to achieve an equal distribution of wealth and income on the part of the state. According to him, “known rules” and laws pertaining to the role of the state and the actions of all members of society would allow for all individuals to understand the range of actions permitted within their society. As result, individuals would be able to predict the permissible actions of the state, in addition to those of their fellow citizens, allows them to achieve social coordination and cooperation.

2. 6. Hayek on the Spontaneous Order

Hayek’s idea of spontaneous order is not only an important component of his concept of freedom; it also plays an essential role in explaining different aspects of his political philosophy, such as the role of the state, the evolution of the rule of law, and the nature of human knowledge. He may well have been the only thinker of the 20th century whose work attributed a crucial role to spontaneous order, often arguing that spontaneous forces were the main catalysts for all evolution and progress⁴¹ within society. His concept of spontaneous order is generally accepted as Hayek’s greatest achievement, as it is the cornerstone of his body of work in a number of different disciplines including law, economics, politics, and philosophy. However, despite its central role in much of his work, there is no consensus as to the precise origin of this concept. For example, Witt claimed that Adam Smith made mention of the concept of “spontaneous order” with the “invisible hand”; meanwhile, Scottish moral philosophers⁴², David Hume and Adam

⁴¹ While Hayek accepted the fact that that was “technological progress” occurred “in some unfree nations” (i.e. the Soviet Union), he strongly believed in the existence of “a positive relationship between liberty and progress” (Hoy, 1984, p. 25). According to him, “unfree nations” imitate “the discoveries of the free nations”, leading him to the conclusion that, “if the free nations of the world did not exist, the world would be largely stagnant” (Hoy, 1984, p. 25).

⁴² It should be noted that Hayek discussed the importance of Scottish moral philosophers in the achievement of freedom. He emphasized that while Scottish moral philosophers never argued for “complete laissez-faire”, they did advocate “proper functions of the state”, as they believed that institutions and a legal system were important in order to ensure reconciliation between “individual efforts” and “socially beneficial aims” (Hayek, 1960, p. 60).

Ferguson, also directly referenced the concept of “spontaneous order” in their work⁴³ (Witt, 1994, p. 180). Caldwell (2004) pointed out that that, in 1941, “Michael Polanyi first used the term spontaneous order in his earlier work” (Caldwell, 2004, Nn. 6, p. 294). However, Caldwell also claimed that “it is nearly impossible to untangle questions of influence in this case” and he stressed the point that Scottish Enlightenment philosophers, as well as Menger, also used the term spontaneous order (Caldwell, 2004, Nn. 6, p. 294).

Hayek often compared deliberate central planning (or “artificial order”, “*taxis*”) and spontaneous order (or “self generating order”, “*kosmos*”) in his observations regarding the growth of socialist forces in the United States and England following the Great Depression of the 1930s, as well as his criticisms of totalitarian regimes (Skoble, 2006, p. 172, 173). He claimed that the rules and social institutions of a society could emerge as a result of these two distinct forms of coordination. He also explained that, in addition to being based on commands, “artificial order” places a high value on “constructivist rationalism⁴⁴”, which relies on abstract mechanical rules and ensures cooperation through coercion; meanwhile, spontaneous order relies on voluntary and uncoerced interactions between individuals, who are free to use their own knowledge for their own purposes. In making this comparison between “*taxis*” and “*kosmos*”, Hayek tried to understand the evolution of society and its institutions in order to determine whether or not they are consequences of “artificial order” or spontaneous order.

Hayek regarded social order as an outcome of artificial order within totalitarian regimes, or the result of spontaneous order within liberal societies. In fact, he argued that “Liberalism...derives from the discovery of a self-regulating or spontaneous order in social affairs” (Hayek, 1967, p. 162). According to him, spontaneous order is a natural and “self-correcting” process that is basically the result of unplanned, un-designed,

⁴³ Additionally, Menger also discussed the importance of the “unintended collective outcomes” of individuals’ actions (Witt, 1994, p. 180).

⁴⁴ According to Hayek, Popper played a significant role in the definition of “constructivist rationalism” (Hayek, 1967, p. 94). Hayek defined “constructivist rationalism” or “rationalist constructivism”, as “naïve rationalism”, which is based on the view that “all the useful human institutions were and ought to be deliberate creation of conscious reason” (Hayek, 1967, p. 85). That means “constructivist rationalism” defends the view that “man in full knowledge of what he was doing should deliberately create such a civilisation and social order as the process of his reason enabled him to design” (Hayek, 1967, p. 85). Hayek argued that “all modern socialism, planning and totalitarianism” are derived from “constructivist rationalism” (Hayek, 1967, p. 85). However, he stressed that sometimes the secret of Western progress and evolution is falsely attributed to “constructivist rationalism”, which Hayek viewed as “an illegitimate and erroneous exaggeration of a characteristic element of the European tradition” (Hayek, 1967, p. 93).

unpredicted and un-calculated human actions, as opposed to an outcome that is artificial, designed and imposed. His detailed study of those two distinct forms of coordinating a society (i.e. artificial and spontaneous) led him to conclude that the evolution of culture, traditions, moral values and rules of conduct were outcomes of thousands of years of spontaneous creation as opposed to deliberate, rational planning or design. Hayek explained that the evolution of societal culture, traditions, moral values and rules of conduct could not be outcomes of “artificial order” because of the fact that they are not static; rather, they are dynamic and progress over time. He believed that the occurrence of unexpected and accidental changes within a society and the environment leads to individuals continuously evaluating and altering their goals and ends. Basically, as new situations and circumstances emerge, individuals react by eliminating less affective or harmful practices and modifying their goals and ends. Furthermore, the emergence of new situations and circumstances also plays a major role in changing the institutions, as well as the legal, political and economic systems, of society, which eventually leads to progress in the long-run.

Hayek made it clear that progress or changes in culture, traditions, moral values and rules of conduct occurs when a person (or group of persons) breaks with existing cultural practices, traditions, moral values and rules of conduct. According to him, examples of breaking existing norms included “toleration of bartering with the outsider, the recognition of delimited private property, especially in land, the enforcement of contractual obligations, the competition with fellow craftsmen in the same trade, the variability of initially customary prices, the lending money, particularly at interest” (Caldwell, 2004, p. 315). That means he was of the view that progress and improvements to different areas of human life, including politics, economics, the legal system, the institutions of civilisation, and language are caused by spontaneous forces within society.

Hayek supported a state role in order to ensure “the conditions for the preservation of a spontaneous order” (Hayek, 1976, p. 2). He considered “the maintenance of a spontaneous order of society” to be a “prime condition of the general welfare of its members” (Hayek, 1976, p. 6). However, he was strongly opposed to

conscious, central planning designed to impose patterns, values, rules, and laws, all of which represent obstacles for spontaneous forces, to achieve the general welfare of its members. According to Hayek, it is not possible for a conscious, central planning authority to spontaneously adjust and change the patterns, values, rules, goals, and ends of a society when a new situation emerges. To the contrary, he believed that such an authority would end up producing negative outcomes if it ever attempted such an undertaking. For example, Hayek was of the view that deliberately planned and designed goals and ends would disturb the self-regulating and self-organising mechanisms of liberal society. However, his opposition to conscious, central planning was not only on account of its suppression of the self-regulating and self-organising mechanisms of liberal society, but also because it represented a real threat to the achievement of diversity within society.

Hayek argued that utilizing the spontaneous forces of society has allowed western civilisations to achieve increasing diversity, complexity, and flexibility in the political, social and economic arenas. He explained that, contrary to spontaneous order, deliberate planning by a central authority would impose certain patterns and standards for the purpose of regulating the choices and activities of people, which would eliminate diversity and lead to uniformity in the values, beliefs, choices and preferences of individuals. Thus, he claimed that eliminating the spontaneous forces of society and aiming to achieve common goals and ends through deliberate planning by the state authority would ultimately reduce the diversity of values, beliefs, choices and preferences. According to Hayek, since the values, beliefs and distinct cultural practices of individuals represented rules of conduct that were established through many centuries of “human experience”, they cannot be rationally designed by a state authority (Miller, 2010, p. 69). In other words, he believed that “a free society rests on tradition-based values” that a state authority cannot rationally evaluate and replace.

Hayek claimed that the free marketplace represented the best example of spontaneous order, as it permits individuals to follow their own beliefs, ethics, and moral values when making their choices of action, rather than those of another actor. That

means, in the free marketplace, self-realisation and individual achievements are outcomes of the spontaneous order of society, and not central deliberate planning. According to Hayek, the fact that the free marketplace is based on the spontaneous forces of society means that there are no fixed or rigid rules aimed at achieving common goals and ends. Furthermore, even though individuals have competing ends and goals within the free marketplace, they are able to voluntarily reconcile “different knowledge and different purposes” (Hayek, 1976, p. 110).

Hayek’s devotion to the spontaneous order of society led him to support the provision of major social services by the private sector instead of a collectivist state authority. He was of the opinion that socialist systems and social democratic welfare states, which aim to achieve greater social equality or the just distribution of wealth and income, would engender a form of coercion that would end up eliminating freedom, as well as all of the benefits associated with the spontaneous forces of society. Furthermore, he felt that even if it were possible for deliberate planning to generate more efficient outcomes than spontaneous order, it was still necessary to reject the former in favour of the latter, as deliberately planned and designed systems would not only represent a threat to the achievement of freedom, but they would also inhibit the diversity and progress of many disciplines and hold back the advancement of civilisation.

Hayek explained that spontaneous order is “an order which made it possible to utilize the knowledge and skill of all members of society to a much greater extent than would it be possible in any order created by central direction” (Hayek, 1967, p. 162). He believed that supporters of central, rational, and deliberate planning did not grasp the way in which spontaneous order emerges. He regarded this lack of understanding as an indication of the incomplete, limited, and dispersed character of human knowledge, which will be discussed in the following section.

2. 7. Hayek on the Role of Knowledge

The nature of knowledge plays a significant role in formation of Hayek's views on political philosophy. According to him, understanding the limitations of human knowledge was the foundation of economics, as well as all social disciplines. His recognition of the importance of the nature of human knowledge helped him provide a critique of totalitarian regimes and welfare states. In other words, in order to compare and explain the differences between central, deliberate planning (*taxis*) and spontaneous order (*kosmos*), he analysed the role that knowledge played in these two distinct manners of coordinating activities. That means, gaining a proper understanding of the superiority of spontaneous order over central, deliberate planning according to Hayek's political philosophy requires comprehending his views on the nature of knowledge. However, despite the fact that the nature of knowledge has such a significant role in Hayek's political philosophy, the precise origins of his views on this subject are difficult to "disentangle" (Caldwell, 2006, p. 23). What is certain is that the point of departure for Hayek's views on the nature of knowledge can be traced back to the Austrian School of Economics.

In his comparison of central, deliberate planning and spontaneous order, Hayek argued that the former requires gathering vast amounts of information and the application of the methods of natural science to the social sciences. He disagreed with the practice of applying the methods of natural science to the social sciences, labelling it "scientism" (Hayek, 1964, p. 44). In his book, *The Counter-Revolution of Science*, and his essay, "Scientism and the Study of Society" (1952), he associated the development of "scientism" with the Economists of the German Historical School. He also held a number of philosophers responsible for the application of scientific methods to the social sciences; specifically, he blamed Saint-Simon, d'Alembert, Turgot, Lagrange, Comte, Hegel, Marx, Sombart⁴⁵, and Spengler. According to Hayek, all of these thinkers

⁴⁵ Hayek argued that Sombart's system of ideas, for "all intents and purposes are the same as the later Nazi doctrines" (Hayek, 1967, p. 138).

defended the central, scientific, rational control of society based on the application of following methods to social sciences: “objectivism”, “collectivism” and “historicism”.

In his warnings against expanding socialist forces in the United States and England, Hayek expressed concern about the application of scientific approaches in western liberal countries⁴⁶. He was of the opinion that scientism refers to the “uncritical application of the methods, or of the supposed methods, of the natural sciences to problems for which they are not apt [(to social sciences)]” (Shenfield, 1976, p. 63). In his critique of scientism, he tried to understand the reasons put forth to defend this practice. In doing so, he reached the conclusion that the proponents of socialism, who defended the application of scientific methods in the social sciences and sought to expand individual rational conscious control and the power of reason, regarded themselves as superior relative to their counterparts who supported spontaneous order. Despite the arguments put forth by the supporters of applying scientific methods to the social sciences, Hayek was of the opinion that those methods did not fit the methodology of the social sciences, which focus on trying to “explain the unintended or undersigned results of the actions of many men” (Caldwell, 2004, p. 243).

Hayek expressed strong opposition to scientific approaches⁴⁷ that attempt to apply “objectivism”, “collectivism” and “historicism”⁴⁸ to the social sciences in the name of “revolutionizing social thought”. In his arguments against these methods (“collectivism”, “objectivism”, and “historicism”), Hayek made the claim that scientism engenders social engineering, where social engineers treat all social problems as though they were technological problems and seek to control constantly changing social situations and circumstances (Caldwell, 2004, p. 252). As a result, Hayek reached the

⁴⁶ In the case of Britain, for example, Hayek explained that the application of the methods of natural science to the social sciences was supported by the Fabian movement, which called for the creation of “a science of administration” based on “extreme rationalism” and the elimination of “the rule of law”⁴⁶ (Hayek, 1960, p. 244, 245).

⁴⁷ Despite the strong opposition that Hayek expressed with regards to the scientist approach in the “Counter-Revolution of Science”, he chose not to pursue (or expand) his writing on Marx, Hegel and Comte later in his career. According to Caldwell, in *Hayek’s Challenge: An Intellectual Biography of F. A. Hayek* (2004), one of the main reasons for this decision was related to the reception that *The Road to Serfdom* received among “leftish acquaintances”, who identified Hayek as “propagandist” (Caldwell, 2004, p. 257). Another reason was related to Hayek’s desire to write “something more scientific and something new”; it was also related to his belief that he found a “new way to defeat his scientific opponents with...truly scientific argument” (Caldwell, 2004, p. 259, 260).

⁴⁸ Popper defines “historicism” as “an approach to the social sciences which assumes that historical prediction is their principal aim, and which assumes that this aim is attainable by discovering the ‘rhythms’ or ‘patterns’, the ‘laws’ or the ‘trends’ that underlie the evolution of history” (Popper, 1960, p. 3).

conclusion that scientism is not a science; rather, it constitutes an abuse of science. He was of the opinion that the methods of the social sciences were fundamentally different from those of the natural sciences and that the work done by supporters of scientism represented a threat to the progress of knowledge. The following sub-sections will focus on three methods of scientism, namely “objectivism”, “collectivism”, and “historicism”, all of which Hayek strongly opposed.

2. 7. 1. Objectivism

In order to gain a proper understanding of objectivism, it is important to highlight the distinction that Hayek made between subjective and objective knowledge. According to him, objective knowledge is the knowledge of the natural sciences, whereas subjective knowledge is the knowledge of social sciences. Those who support applying the methods of natural science to the social sciences believed that social phenomena and social relationships could be organised according to the objective laws of natural science. To be more precise, the objective organization of social phenomena and social relationships basically involves accepting the notion that individual choices and behaviours are consistent, while rejecting subjective elements within society. Contrary to the defenders of objective knowledge in the social sciences, Hayek was of the opinion that social sciences deal with a type of knowledge (subjective knowledge) that is shaped by the complex social relationship that human beings have with each other, as well as their relationship with nature. That means social sciences deal with “complex phenomena”, whereas the natural sciences deal with “simple phenomena that can be isolated, observed and made explicable in terms of causal law” (Barry, 1984, p. 17). Hayek also explained that “there are no observable facts of the social sciences, there are only the attitudes, beliefs and opinions of the actors in a social process” (Barry, 1984, p. 16). As a result, he argued that an individual’s subjective knowledge is not relevant for the scientific approach and that social sciences cannot be “defined in the objective terms of the physical sciences” (Hayek, 1964, p. 31). In other words, he defended the view that knowledge in the social sciences cannot be “objectified” for use in scientific, rational planning.

Hayek explained that, within the social sciences, the knowledge that each agent possesses cannot be “acquired once and for all”, as is the case with the natural sciences (Hayek, 1964, p. 98). He also claimed that knowledge in the social sciences is dependent upon the subjective judgments and perceptions of the particular observers of objective facts, while knowledge in the natural sciences is “independent of the particular observer” (Hayek, 1964, p. 28). There is no guarantee that the opinions, subjective judgments and perceptions of particular observers would correspond to the objective knowledge; Hayek went further and stated that subjective judgments and perceptions cannot even be observed. Contrary to the views espoused by the defenders of objective knowledge, Hayek believed that no one possessed perfect knowledge and that the subjective knowledge of individuals was limited, “dispersed, incomplete, and inconsistent”.

Hayek’s rationale for characterising subjective knowledge as limited, “dispersed, incomplete, and inconsistent” is based on the nature of the human mind, as well as the “radical uncertainty” that exists in the world. More precisely, he claimed that individuals possess the knowledge of “particular circumstances, particular places, and particular times”, all of which are constantly changing (Gamble, 2006, p. 115). In other words, Hayek believed that even though each person is able to calculate and plan their specific goals and ends, they do not actually possess perfect knowledge about their own personal situations. The information that they possess can vary over time and the acquisition of new knowledge and the emergence of new situations might require them to revise and modify their unique plans. That means modifications in the knowledge of individuals are correlated with their particular circumstances of time and place, which are subject to change through the emergence of a new situation.

In addition to the emergence of new situations, Hayek also emphasised the fact that individuals are incapable of foreseeing many of the minuscule details of their lives for the purpose of forecasting the consequences of different actions. In other words, people are not always able to achieve their particular goals and ends due to the fact that individuals possess limited and unique knowledge, and also because of the existence of

particular circumstances of time and place, which are subject to change through the emergence of a new situation. Therefore, each individual possesses unique knowledge on account of the fact that every person faces different environments, situations and opportunities; furthermore, they are capable of spontaneously adjusting or changing their private goals and ends with the emergence of new situations and opportunities. As a result, each person has certain advantages over other individuals within a society due to the uniqueness of his or her knowledge.

Contrary to the supporters of collectivist systems, who advocated for compensating failed individuals via state programs and services, Hayek stressed the importance of the nature of subjective knowledge. He felt that human intellectual capacity was very limited, as a single person or group of people (social engineers or planners) could not possibly possess all of the knowledge pertaining to different aspects of the economy, politics and social life; as a result, they are unable to properly evaluate many of the miniscule details pertaining to social, political and economic life that are needed to accurately predict the consequences of a particular act. Therefore, based on the nature of knowledge, it would be a mistake to believe that it was possible for a social engineer to accurately predict the consequences of a particular act in order to design state policies to compensate failed individuals via state programs and services.

Furthermore, Hayek once again contradicted supporters of collectivist systems when he explained that an individual's failure or success in achieving their particular goals and ends based on their limited and unique knowledge had the potential to produce unplanned outcomes for other members of society. As a result, he reached the conclusion that knowledge is the "unintended by-product of others exploring the world in different directions" (Hayek, 1964, p. 30, Hayek, 1976, p. 111). In other words, while "exploring the world in different directions" in order to achieve their particular goals and ends, individuals, who are ignorant of the impacts that their own actions have on other people and on society in general, acquire and produce new knowledge and realize progress. More precisely, the achievement of freedom and the progress and evolution experienced by a society are outcomes of the ability of individuals to adjust to unexpected, un-

intended, un-designed and un-predicted circumstances, as opposed to the implementation of policies and programs based on the objective knowledge of natural sciences. That means progress in the social sciences is the outcome of advances in subjective knowledge, not objective knowledge.

Hayek thought that if individuals did, in fact, possess objective knowledge and were capable of calculating and predicting their “future wants and desires, there would be little case for liberty” (Hayek, 1960, p. 29). According to him, even if it were possible for a state to possess the objective knowledge needed to centrally plan and organize the economy, politics and the activities of society as a whole “according to a single”, rational “plan”, it would still not be possible to collect all of the information pertaining to every miniscule detail of the activities, private interests, particular circumstances, and preferences of millions of people in an effective manner⁴⁹. He added that if this were feasible, the state would have to immediately evaluate any changing conditions and constantly interfere in the choices that individuals make because of unexpected changes that happen to transpire in knowledge. That means the particular knowledge of individuals cannot be gathered and compiled in a manner that would allow for it to be effectively used as an instrument by social “engineers and planners” for the purpose of achieving teleological ends and goals. Hayek reached the conclusion that the central and deliberate organization of society would require the state to have “a type of knowledge that it cannot have” (Hoy, 1984, p. 35).

Hayek was of the opinion that a society was similar to an ecosystem, in that individuals and their activities, institutions, rules of conduct, traditions and environments evolved in different ways; as such, any central and deliberate organization of society that pretends to possess perfect, objective, and scientific knowledge that would allow for different aspects of social, political, and economic life to be remodelled or reshaped, would inevitably destroy or create an imbalance in the spontaneous order and evolution of that society. Hayek went on to state that even if the aforementioned institutions

⁴⁹ Information pertaining to the particular historical and family backgrounds of individuals is relevant in terms of shaping and achieving an individual’s specific goals and ends, Hayek argued that this kind of information is impossible to gather, as society is based on a large number of complex relationships, situations and phenomena.

possessed objective knowledge and were formed on the basis of rational and deliberate planning for the purpose of achieving some sort of common goals and ends, as was the case with collective central planning systems, even “the wisest ruler” would create much more harm than good by eliminating freedom and all of the benefits associated with spontaneous order. He reached the conclusion that the objectivism of natural science should not be applied in the social sciences, as the combination of historicism and objectivism, which are common elements of scientism, are the best recipe for deliberate planning and control; by using those three methods, individuals end up becoming tools for “the single directing mind”.

2. 7. 2. Collectivism

Hayek (1964) explained that the socialist system values “constructivist rationalism⁵⁰” and collectivism in politics and economics on account of its relationship to the collective methods that were derived from natural science. Hayek explained that the collectivist approach, which he mainly attributed to Auguste Comte, was based on objectivity, as well as the belief that “social phenomena can be understood only by considering the totality of everything that can be found within certain spatio-temporal boundaries” (Hayek, 1964, p. 58). Additionally, the collectivist approach gathers information about different aspects of individual behaviour and social life and, based on the methodology of natural science, determines regularities as well as patterns of development and progress.

Hayek explained that the default of collectivism is that it neglects to differentiate between social sciences and natural sciences. According to Hayek, “empirical regularities” in the natural sciences are outcomes of “hypothesized elements interacting according to certain rules”. In the social sciences, however, actions result from individual beliefs, values, and perceptions and “lead to the creation of complex but unintended social phenomena” (Caldwell, 2004, p. 250).

⁵⁰ Hayek was of the opinion that “[t]he belief in the superiority of deliberate design and planning over the spontaneous forces of society enters European thought explicitly only through the rationalist constructivism of Descartes” (Hayek, 1967, p. 96).

Furthermore, Hayek explained that collectivism defends the rational and “conscious control” of society by an “engineer” or planner. According to Hayek, defending “conscious control” was equivalent to advocating for “control by a single mind”, or selected mind, in order to “shape our future in accordance with high ideals” (Hayek, 1964, p. 87, Hayek, 1994, p. 4). He explained that every state action under a collectivist system requires rational planning and organization, which necessitates that the “engineer” or planner possesses comprehensive “knowledge of the whole society” and completely controls “all the efforts directed towards” the achievement of teleologically evaluated goals and ends. Teleological evaluations require state interference and conscious planning, which provides governments with the exclusive power to coerce individuals. More precisely, the achievement of teleologically evaluated goals and ends requires the rational and scientific utilisation of all resources, which results in the state imposing various restrictions.

In an attempt to achieve teleologically evaluated goals and ends, the “engineer” or planner takes “objective facts” and collective goals into consideration and ignores the subjective goals and ends of individuals, as well as their specific situations and circumstances. That means achieving collective goals and ends necessitates that the central authority coordinates the activities of millions of people by replacing individual will by the will of the superior power. As such, the “engineer” or planner basically determines what individuals are supposed to produce, buy and sell without obtaining any input from the people as to their needs, desires or goals. Thus, in order to achieve common goals and ends, individuals within a collectivist system have to obey the orders and commands⁵¹ of the state authority when deciding on their specific choices of action in different phases of social and economic life, rather than pursuing their individual wills. Therefore, collectivist systems eliminate an individual’s ability to operate as a free being that makes decisions according to his own thoughts, convictions, beliefs, interests, and will. As a result, the freedom of choice would lose its importance under a collectivist system.

⁵¹ Hayek explained that “a command regularly aims at a particular result or particular foreseen results” (Hayek, 1976, p. 14).

Hayek associated efforts to create a collectivist system with the desire to return to a tribal society, which he regarded as simple and small. More precisely, people in tribal societies lived in small groups, which allowed them to intimately know each member of the community and support one another in times of need. Indeed, tribal societies allowed individuals to directly observe the consequences of their actions, which created a moral obligation to help “their neighbors or inhabitants of the same village or town” (Hayek, 1976, p. 89). That means it was possible to conceive common goals and ends for the entire community in a tribal society, because there was a commander or an authority figure who required obedience on the part of a group of individuals. In other words, individuals obeyed the orders of commander so as to achieve the best outcomes for their small society.

According to Hayek, achieving goals and ends through a collectivist system requires that a mastermind (either a single person or a group) dictate all societal forces, much like in a tribal society. Realizing collective goals and ends also requires that the mastermind(s) impose certain moral obligations and values⁵². That means Hayek was of the view that the collectivist method does not allow for human beings to possess different (or distinct) goals and values. In fact, he went so far as to argue that it was impossible to achieve such goals and ends in “the Great Open Society”. Furthermore, he was of the opinion that the principles and achievements of “the Great Open Society” are threatened whenever supporters of collectivism attempted to return to lifestyles typical to a tribal society. He explained that the departure from tribal societies, on account of the growth of the free market economy where people are incapable of knowing the various actors in the marketplace, led to the disappearance of a feeling of responsibility for one’s whole community. It was through this departure from tribal societies that close relationships within society were replaced by “limited, impersonal, and temporary” relationships.

⁵² Hayek explained that, in many cases, the achievement of “collective interests of certain groups” is not in “the general interests of the society” (Hayek, 1976, p. 6). At the same time, however, he recognized that “a collective interest” can become a common interest or “general interest” if all members of the society are convinced that the achievement of the “collective interests of particular groups on the basis of some principle of reciprocity will mean for them a gain in excess of the burden they will have to bear” (Hayek, 1976, p. 6).

Hayek argued that those people who desire a return to tribalism forget that they live in a modern and complex society (or “open society”), comprised of a large number of people that possess various and conflicting goals and ends, and are united through a legal framework. He emphasized that, contrary to a tribal society, individuals living in “the Great Open Society” do not have complete knowledge of the needs, welfare and interests of his fellow citizens. Hayek recognized that concern and moral obligation for “the welfare of our family”, associates and friends is “an essential part of freedom” that cannot disappear in an open society (Hayek, 1960, p. 78). However, he rejected the idea of instilling individuals with a sense of moral obligation for their respective communities through coercion on the part of commanders. Hayek emphasized the point that “moral obligations towards some can never become enforced duties in a system of freedom under the law” (Hayek, 1976, p. 89). In other words, achieving common good (i.e. distributive justice) should not require the imposition of duties by way of the state authority. Demands to achieve social justice through state authority, as in welfare states and under socialist systems, forced large numbers of individuals to help strangers without being able to witness the direct consequences of their actions. Hayek rejected “general altruism” and argued that “nobody can effectively care for other people as such; responsibilities we can assume must always be particular” (Hayek, 1960, p. 78, 79).

In his analysis of collectivism, Hayek reached the conclusion that the collectivist method reduces social life into a logical organization that can be grasped only by reason; it totally disregards the complexity of social phenomena, as well as the variety and diversity of the particular goals and ends of individuals. He claimed that human reason had limits, which is why he was of the opinion that reason alone is not sufficient to “comprehend and articulate the dynamic of reality” and find real meaning in the complexity of social phenomena (Taniguchi, 1998, p.175). In his arguments against collectivism, Hayek defended “methodological individualism” or “individualist-subjectivist approach to social facts”, which basically emphasizes that “all statements about collectives are logically deductible from statements about individuals” rather than “statements about group minds” (Barry, 1984, p. 36).

2. 7. 3. *Historicism*

In addition to his opposition to objectivism and collectivism, Hayek was also strongly critical of historicism. It is important to point out that there is no universally agreed upon definition of historicism. In other words, according to Frederick C. Beiser (2011), “the term has been used in very different, even contradictory, ways” (Beiser, p. 1). Beiser identified two types of historicism. The first is based on “the attempt to determine the general laws of history” (Beiser, p. 1). Conversely, the second is essentially “the exact opposite: the repudiation of such laws and the attempt to know the unique and singular events and personalities of history” (Beiser, p. 1, 2). Based on the second form of historicism identified by Beiser, it is only possible to know “the laws of singular events”, while it is impossible to know the general laws of historical development. Hayek’s critique of historicism applied to the first type of historicism; on this topic, he shared similar views to those of Popper, who is well-known for his criticisms of this doctrine. More specifically, both thinkers believed that historicism was strongly related to the idea of discovering the general laws and rules of historical development. Furthermore, they both associated historicists with the notion of making history into a science.

Hayek was very concerned with historicist method during the course of his entire career. For example, in his *Opening Address to a Conference at Mont Pèlerin* in 1947, he stated the following: “the interpretation and teaching of history has during the past two generations been one of the main instruments through which essentially anti-liberal conceptions of human affairs have spread; the widespread fatalism which regards all developments that have in fact taken place as inevitable consequences of great laws of necessary historical development...” (Hayek, 1967, p. 154). Hayek often argued that the historicist approach played a major role in the formation of the doctrine of Nazi Germany. He claimed that “[e]ven some of the most repulsive features of the Nazi ideology trace back to German historians whom Hitler has probably never read but whose ideas have dominated the atmosphere in which he grew up” (Hayek, 1967, p. 138).

Hayek explained that historicism actually has nothing to do with the discipline of history, as it was not even developed by historians. Historicism is actually a method that was developed by social scientists, whose primary goal was to transform history into “the only science of social phenomena” (Hayek, 1964, p. 64). In other words, natural sciences “set the standard by which all intellectual efforts was measured” in the social sciences (Hayek, 1964, p. 74). More precisely, historicism refers to “a methodology of the social sciences that emphasizes their historical character and aims at *historical prediction*”(Hacohen, 2000, p.354, 355). That means historicist philosophers regard history as the empirical study of society; as such, they apply methods of the natural sciences to the social sciences so as to reveal general laws, rules and patterns (Hayek, 1964, p. 65). According to Hayek, those general laws, rules and patterns are an intellectual reconstruction based on historical facts and events. In other words, historicists think that they can reduce historical facts and events into rational and logical constructions that they can then use to formulate laws, rules and patterns of history, which can then be applied to predict future changes or developments.

Hayek maintained that, by promoting the existence of general laws, rules and patterns in the social sciences, historicist philosophers were able to claim that these general laws, rules and patterns actually play a major role in social evolution on account of the credibility and prestige associated with the natural sciences. He was of the opinion that, based on the natural sciences, general laws can be applied to “all recurrent events of a particular kind”; however, they cannot be applied to the “particular and unique events” that are commonplace in the social sciences (Hayek, 1964, p. 68). Contrary to Hayek’s view, historicist theorists believed that they could reveal the general laws, rules and patterns in the social sciences and use them to predict future developments that would transpire under “certain conditions”.

Hayek also explained that historicism attempts to reveal general laws in order to “establish necessary successions of definite “stages” or “phases”, “systems” or “styles”, following each other in historical development” (Hayek, 1964, p. 73). In other words, historicism aims to detect general laws, rules and patterns of development, even though

the human mind, knowledge, opinions, situations and circumstances change spontaneously and unexpectedly over time (Hayek, 1964, p. 76). According to historicist philosophers, “social institutions”, evolution, and the progress and achievements of society are not outcomes of “the view and ideas we have inherited”; rather, they result from the power of human reason or rational deliberate design (Hayek, 1960, p. 236). Hayek argued that historicist theorists over-value the power of reason to find logic or some kind of rationale behind progress and evolution, which could then be used to formulate rational laws or patterns of history. Thus, Hayek explained that, based on the power of reason, historicist philosophers believed that progress, as well as all social institutions, are outcomes of rational conscious design⁵³. In other words, based on the historicist approach, human reason can invent, shape, and predict social institutions that would benefit the whole society.

Another argument that Hayek made against historicists focused on the limited capacity of human reason and his belief that history cannot be explained in terms of logic and the methods of natural science. He was of the opinion that “reason alone can never make human agency fully able, not just to choose its own ends in life, but to grasp reality in all its complexity” (Taniguchi, 1998, p. 231). In fact, he believed that it is precisely this sort of trust in the power of human reason that engenders totalitarian regimes. Hayek explained that “reason can only help us to see what are the alternatives before us, which are the values which are in conflict, or which of them are true ultimate values and which are, as is often the case, only mediate values which derive their importance from serving other values” (Hayek, 1967, p. 87). Therefore, individuals are not completely guided by their reason, which is “limited and imperfect”, and cannot grasp the complexity of reality. Based on his analysis of the nature of reason, Hayek reached the conclusion that “Reason is like a dangerous explosive which, handled cautiously, will be most beneficial, but if handled incautiously may blow up a civilization” (Hayek, 1967, p. 94).

⁵³ Hayek was also opposed to the assumption of the “rational economic man”. For him, human beings are “purposeful but imperfect beings, they have limited information, and they make mistakes” (Caldwell, 2004, p. 286).

In his critique of the historicist approach, Hayek concluded that the “belief that processes which are consciously directed are necessarily superior to any spontaneous process is an unfounded superstition” (Caldwell, 2004, p. 251). In his view, history has to be understood in terms of cultural progress as opposed to a logical and rational reconstruction of historical facts and events based on the power of reason. In other words, he believed that “history is nothing but cultural progress” (Taniguchi, 1998, p. 192). “He attributes the principles of this development neither to an eternal ideal history nor to practical reason, but to the cultural evolution of rules of conduct embedded within a cultural tradition⁵⁴” (Taniguchi, 1998, p. 192).

2. 8. Conclusion

In addition to being an influential economist and a source of inspiration for a number of well-known politicians, Hayek also played a significant role in developing some of the fundamental ideas of modern liberalism and free market capitalism in the 20th century. Additionally, he made significant intellectual contributions to many disciplines (especially political philosophy) which have not yet received the significant attention that they merit. This chapter attempted to demonstrate that it is worthwhile to study Hayek’s work in the area of philosophy, because doing so provides the context required to understand some of the underlying issues and questions related to the conception freedom and the role of the state in the 20th and 21st centuries.

This chapter explained that Hayek formulated a conception of freedom that was related to his concepts of economic freedom and negative freedom, as well as his analysis of the spontaneous forces of society, the rule of law, the role of the state, the development of the institutions of civilisation, and the nature of human knowledge. More precisely, he regarded freedom as an individual matter and believed that its achievement required the presence of economic freedom, a spontaneously ordered society, and a legal framework. He often argued that any restrictions placed on economic freedom would inevitably affect freedom in general, as individuals would not be able to spontaneously achieve their own specific goals and ends. Additionally, his defence of spontaneous order demonstrated that

⁵⁴ Hayek associated “culture with the whole of the human social world” (Taniguchi, 1998, p. 192, 193).

the achievement of freedom is not the outcome of central rational design. Furthermore, his study of the legal framework showed that the rule of law and the institutions of the state are necessary to protect liberal rights by restricting the coercive powers of the state and other agents within society.

This chapter also explained that, according to Hayek, freedom requires the absence of coercion and is based on individuals spontaneously pursuing their specific plans and intentions within the particular dispersed knowledge that they possess, while simultaneously bearing the consequences of their actions and respecting the rule of law. Hayek's arguments about coercion, spontaneous order, and the nature of human knowledge were strongly related to his criticisms of the paternalism of welfare states and the authoritarianism of totalitarian regimes. The origins of these criticisms of the paternalism and the authoritarianism of the state stem from his observations of the totalitarian systems of the 20th century, which, according to Hayek, always abused their coercive powers and failed to respect the rule of law. Hayek believed that it was important to recognize the expansion in the role of the state that occurred since the Great Depression in order to understand and avoid the developments that produced totalitarian systems. Although Hayek adamantly rejected the use of coercive state powers in paternalist and authoritarian states, he simultaneously argued that employing such powers was acceptable provided that it was done in the name of protecting individual rights and freedoms.

Despite the fact that he defended individual rights and freedoms, Hayek's conception of freedom excludes positive freedom in the sense of "rational self-mastery" and self-actualization. He claimed that defenders of state intervention designed to achieve positive freedom confused the lack of freedom with a lack of economic resources, equality, opportunities, fairness, welfare, justice, etc. For Hayek, the achievement of positive freedom via state interference pertains to the free development of an individual's intellect, skills and capacity. Furthermore, he argued that the achievement of positive freedom requires social engineering and planning so as to rationally and consciously conduct a teleological evaluation of common goals and ends. However, this sort of

planning necessitates that the “engineer” possesses comprehensive knowledge of the entire society if he is to fully control it.

Hayek associated social engineering and planning with scientism. More precisely, he claimed that social engineering and planning were consequences of attempts to apply the methods of natural science in the social sciences. Hayek strongly opposed adhering to scientistic approaches that sought to apply the methods of natural science, “objectivism”, “collectivism” and “historicism” to the social sciences to reveal general laws, rules and patterns in the name of “revolutionizing social thought”. Contrary to scientistic approaches, which highly valued the power of reason and knowledge, Hayek argued that human knowledge is subjective, limited, dispersed, incomplete, and inconsistent, and that it is not possible to centralize all knowledge within one institution or organization, or in the mind of a single agent. Hayek claimed that the radical ignorance of individuals with regards to the particular knowledge that others possess, mistakes or failures resulting from the unintended consequences of human actions, as well as the unforeseeable and unpredictable aspects of future events, played significant roles in the development and establishment of the institutions of freedom and the growth of knowledge. In addition to the nature of human knowledge, Hayek also emphasised that the existence of particular circumstances of time and place, which are subject to change through the emergence of new situations, would always create problems for social engineers and planners in terms of their ability to accurately predict the consequences of a particular act, which, in turn, impacts their ability to design state policies. In his arguments against the methods of scientism, “collectivism”, “objectivism”, and “historicism”, Hayek reached the conclusion that scientism is not a science; rather, it is the abuse of science.

Hayek’s concept of spontaneous order and his arguments concerning the nature of human knowledge are generally accepted as his greatest achievements. However, despite the fact that these ideas play central roles in much of his work, there is no consensus as to their precise origins. The following chapters will focus on identifying some of the specific theoretical sources of different component of Hayek’s political philosophy and determining the strength of their influence. Thus, in the following chapters, I will focus

on examining the works of Humboldt, Mill and Popper; more precisely, I will identify the aspects of their work that Hayek either incorporated or neglected in his conception of freedom and his views pertaining to the role of the state.

Chapter 3. Humboldt's Influence over Hayek's Conception of Freedom

3. 1. Introduction

This chapter will examine different aspects of the political philosophy of Wilhelm von Humboldt (1767-1835), who played a fundamental role in the development of liberalism. However, the main purpose of this chapter is not to simply provide an explanation of different aspects of Humboldt's political philosophy, but to reveal the theoretical origins of Hayek's conception of freedom and its different components, which have often been described as difficult to "disentangle". In other words, it will demonstrate that, although a number of the ideas that Hayek expressed in his political philosophy have been accepted as his own original contributions to the development of liberal principles, many of them seem to have, in fact, been influenced by Humboldt's political philosophy. As such, this chapter will investigate Humboldt's *the Limits of State Action* (1969) in order to demonstrate that it is among the fundamental sources of Hayek's political philosophy.

It is important to point out that even though Hayek, who was one of the most important contributors to liberal principles in the 20th century, did not systematically refer to Humboldt's political philosophy in his publications, he nonetheless recognized Humboldt's contributions to the development of modern liberalism in his book *Studies in Philosophy, Politics and Economics* (1967) (Hayek, 1960, p. 160). More precisely, he cited Humboldt as an important contributor to classical liberalism, along with "David Hume, Adam Smith, Edmund Burke, T. B. Macaulay and Lord Acton...in England...B. Constant and A. de Tocqueville in France, Immanuel Kant, Friedrich von Schiller and Wilhelm von Humboldt in Germany" (Hayek, 1967, p. 160).

However, demonstrating the influence of Humboldt's *the Limits of State Action* over Hayek's political philosophy is not an easy task, given that Hayek was not keen in terms of properly quoting or citing his intellectual sources; Bruce Caldwell, a well known

Hayek's scholar, made this claim in his book *Hayek's Challenge: An Intellectual Biography of F. A. Hayek* (2004). According to Caldwell, "sometimes Hayek explicitly express his debt to the writings of others...but usually he does not" (Caldwell, 2004, Nn.8, p. 254). Furthermore, he also stated that "Hayek tended to forget to mention the contributions of his predecessors" (Caldwell, 2004, Nn.8, p. 254).

Hayek himself appears to have confirmed Caldwell's claims in *The Constitution of Liberty* (1960) when he wrote the following: "So much of what I have been trying to say in this book [*The Constitution of Liberty*] has been said before in a manner on which I cannot improve,in which the modern reader is not likely to be familiar...These notes are also far being an adequate acknowledgement of my indebtedness. The process in which I formed the ideas expressed in this book necessarily preceded the plan of stating them in this form. After I decided on this exposition I read little of the work of authors with whom I expected to agree, usually because I had learned so much from them in the past. In my reading I rather aimed at discovering the objection I had to meet, the arguments I had to counter, and at finding the forms in which these ideas have been expressed in the past. In consequence, the names of those who have contributed most to shaping my ideas, whether as my teachers or as fellow strugglers, appear rarely in these pages" (Hayek, 1960, p. 415).

Additionally, Hayek appears to once again confirm that he is not particularly meticulous in terms of properly quoting or citing his intellectual sources in *The Fatal Conceit* (1989), where he stated the following: "It would be impossible to name the obligations one has incurred in the course of a long life of study even if one were to list all the works from which one has acquired one's knowledge and opinions, and still more impossible to list in a bibliography all the works one knows one ought to have studied in order to claim competence in a field as wide as that with which the present work deals" (Hayek, 1989, v.1, p. 5).

Given that Hayek was not keen on properly citing or quoting his intellectual sources, as claimed by Caldwell and recognized by Hayek himself, Humboldt's influence

on his political philosophy is not all that explicit. As a result, this chapter will not be able to provide many examples of direct proof, citations and attributions to Humboldt's political philosophy in Hayek's actual writings. Instead, it will demonstrate Humboldt's influence over Hayek's political philosophy by explaining and comparing similar ideas, arguments, and concepts in their respective works; it will also highlight some of similarities in the vocabulary that both authors employed. Hayek's choice of vocabulary was not always consistent with that of Humboldt; in certain instances, he used similar terminology and language as Humboldt when discussing similar concepts and ideas, while at other times he did not. In those cases when Hayek and Humboldt discussed similar components of the conception of freedom and the role of the state using different vocabulary, special attention needs to be paid to the content of those components.

Comparing significant similarities in the formulation of Hayek and Humboldt's ideas and arguments will show that, although these authors were separated by a century, they share striking commonalities in terms of their respective notions on the role of the state, their views regarding the spontaneous forces of society, the importance of diversity, progress within society, the role of the legal framework in the achievement of freedom, and their positions on the limited nature of human knowledge. Additionally, there are significant similarities between their views regarding rational prediction, as, on this issue, both of them rejected state intervention and rational predictions and regarded human progress and historical developments as products of the spontaneous forces of society, as opposed to rational design.

It is important to mention that, although Hayek's political philosophy shared many striking similarities with that of Humboldt, there were also a number of key differences in their liberal ideas. Some of the important distinctions between the liberal ideas that Humboldt presented in *The Limits of State Action* and those that Hayek put forth in his own publications were outcomes of differences in the periods that each author resided and the problems associated with each of them, namely their respective philosophical, social, economic and political conditions. More precisely, Humboldt's views were influenced by his rejection of the French revolution for attempting to

rationally redesign society, as well as the situation that prevailed in Germany under Frederick the Great, which included “Prussian censorship” of the press and “Frederick William II’s law proclaiming Lutheranism as the State religion” (Burrow, 1969, p. XIII). Hayek, on the other hand, was deeply influenced by the First World War, the rise of totalitarian regimes in Europe, and the emergence of social democratic welfare states in England.

Aside from the political, social, and historical conditions and events of their respective times, Humboldt’s liberal ideas were also inspired by the philosophy of the ancient Greeks (from Plato to Aristotle), who represented the most immediate source⁵⁵ of German Idealism, as well as his rejection of mechanistic Enlightenment principles and the paternalism of Cameralism. Meanwhile, Hayek’s views were informed by the classical economists, the principles of the Austrian School of Economics (or his opposition to the German Historical School of Economics), and the classical liberalism of the 18th century, in addition to some of the German philosophers and economists of 19th century, including Hegel, Marx, List, Schmoller, Sombart, Mannheim, etc.

This chapter will be comprised of eight sections with the introduction, all of which focus on highlighting the many similarities that exist between Humboldt’s thoughts on different aspects of freedom and the role of the state and those ideas that Hayek put forth on these subjects. The second section will briefly examine Humboldt’s importance to the political philosophy and to the development of liberal ideas. This will be followed by a section that focuses on Humboldt’s account of freedom and will compare the similarities between Humboldt and Hayek’s conceptions. The fourth section will explain and compare the similarities between Humboldt and Hayek’s respective political philosophies regarding the role of the state. Part five will concentrate on the role of the rule of law, explaining that while Humboldt and Hayek’s accounts of freedom and the role of the state rejected state intervention and planning, they nevertheless defended using “legal and moral restraint” in order to achieve freedom. Finally, the sixth section

⁵⁵ Other important sources of German Idealism included “the European Enlightenment and the French Revolution, adaptations of the new Scottish and English political economy, and critiques of the older indigenous theoretical traditions stemming from Leibniz and Christian Wolff” (Moggach, 2010, p. 1).

will focus on the relationship between the concept of freedom and historicism, as depicted in the political philosophies of Humboldt and Hayek. This will be followed by a section that focuses on Humboldt's account of spontaneous order and will compare the similarities between Humboldt and Hayek's views of spontaneity. At the conclusion of this chapter, it will be clear that it is a worthwhile endeavour to study Humboldt's influence on the development of some of the well-known aspects of Hayek's political philosophy, which has not received the attention that it merits; such an exercise would assist future scholars in gaining a better understanding of the historical development of liberal thought.

3. 2. Why is it Worthwhile to Study Humboldt's Political Philosophy?

Humboldt's *The Limits of State Action* is not only a political tract, as he moulded his intellectual work from a variety of different fields including philosophy, law, linguistics, culture, and aesthetics, into a rich and original piece of work. This is not surprising given that Humboldt's career and intellectual work were not limited to the field of philosophy. He was also a diplomat and a linguist who was widely regarded as the architect of the Prussian educational system, on account of the fact that "he founded the University of Berlin and reorganized the Prussian Gymnasium" (Burrow, 1969, p. IX). His persistent studies led to numerous significant contributions to an array of disciplines including politics, law, linguistics, and aesthetics (Burrow, 1969, p. VII). The fact that Humboldt's work extended into so many disciplines should not come as a surprise given the details of his intellectual development and formation. To be more precise, the influence of many German thinkers of late 18th and early 19th centuries, such as "Herder, Schiller, Hegel, Schelling and a number of others", led to Humboldt's work being further extended into the areas of aesthetics, moral philosophy, political philosophy, and metaphysics (Burrow, 1969, p. XIV).

In the 19th century, Humboldt became well-known for his contributions to the discipline of politics, mainly on account of his input to the development of liberalism in terms of his arguments for limiting the role of the state, as well as his support for liberal

institutions, individualism, and freedom. Unfortunately, with the possible exception of Germany, where he was regarded as “the German Thomas Jefferson”, Humboldt’s contributions to the development of liberalism have been nearly forgotten in the modern era (Roberts, 2008, p. I). However, while his contributions may not have been widely remembered in 20th and 21st centuries, he was held in high esteem among some well regarded intellects and philosophers in an array of disciplines during his time. For instance, Mme de Staël noted that Humboldt had “la plus grande capacité de l’Europe”, while “Schiller found in him the ideal balance of reason and emotion” (Burrow, 1969, p. VIII). It is also very apparent that Mill highly valued Humboldt’s political philosophy, as Humboldt influenced his ideas pertaining to freedom, the highest self-development, and the role of the state, which Mill presented in *On Liberty*.

Additionally, while Humboldt’s writings did not attract the curiosity of political philosophers in general during the 20th century, there were some notable exceptions including Ludwig von Mises (1881-1973), an important figure in the development of the Austrian School of Economics, who placed Humboldt among the five most important contributors to liberalism. Like Mises, Hayek was very impressed with *The Limits of State Action*, which was Humboldt’s most important work in the area of political philosophy. As a result, he not only accepted Humboldt as an important thinker who introduced the principles of liberalism, but he also considered him to be Germany’s greatest “philosopher of freedom” (Hayek, 1967, p. 108).

Humboldt’s reputation as an important contributor to liberalism, the fact that many regarded him as Germany’s greatest “philosopher of freedom”, as well as being given the title of “German Thomas Jefferson”, were primarily on account of his philosophical writings when he was in his early twenties. More precisely, in the 1790s, Humboldt attempted to develop a theory regarding the proper role of the state, which ultimately resulted in an extended analysis of different aspects of social, legal and political life, as well as the publication of *The Limits of State Action*⁵⁶, earning him the

⁵⁶ Friedrich Schiller, Humboldt’s close friend, was able to publish passages of *the Limits of State Action* in 1792. However, “the complete, or almost complete” German edition of *the Limits of State Action* was edited by Humboldt’s brother, Alexander von

reputation of an important contributor of liberal principles. In *Wilhelm von Humboldt and German Liberalism* (2008), John Roberts claimed that, “in both his writings and his political and governmental life, Humboldt’s absolute defence of liberty, advocacy of individuality, scepticism about the role of the state, active promotion of liberal and democratic institutions make him an outstanding exemplar of the often neglected German branch of classical liberalism” (Roberts, 2008, p. XI).

It is important to mention that the liberal ideas that Humboldt presented in *The Limits of State Action* were influenced by the conditions, problems and concerns of his own time. More precisely, these liberal ideas were shaped according to the political realities, social conditions, and historical events that prevailed in the 18th century, particularly in France following the French revolution and in Germany under Frederick the Great. Furthermore, his views on freedom and the role of the state, which he expressed in this book, were strongly influenced by “Prussian censorship” of the press and “Frederick William II’s law proclaiming Lutheranism as the State religion” (Burrow, 1969, p. XIII). In other words, Humboldt’s idea of placing limits on state actions was essentially a reaction against the German paternalist state, which treated the citizens as though they were children. Humboldt’s proposal to restrict the state’s role in society in order to achieve the highest and most harmonious development of individuality in *The Limits of State Action* was largely an alternative to the Cameralist doctrine of 18th century, which maintained that “common happiness” and welfare could only be achieved via the state planning and organizing the activities of the nation, necessitating that the prince held considerable power over his subjects (Tribe, 1988, p. 61).

In addition to the political, social, and historical conditions and events of his time, Humboldt’s liberal ideas were also inspired by the philosophy of the ancient Greeks. It is well known that the roots of German Idealism can be traced back to the discovery of the Greek ideal of life, including Greek art, culture, education, and philosophy. Humboldt believed that “the Greeks are models of human excellence” (Roberts, 2008, p. 47), and that Greek life represented “the depth of spirit, the strength of will, the perfect oneness of

Humboldt (1769-1859), and published for the first time in 1852 (Burrow, 1969, p. XVIII). The English version was translated by Joseph Coulthard and published in 1854 under the title *The Sphere and Duties of Government*.

the entire being” (Humboldt, 1969, p. 13). Furthermore, he maintained that studying “ancient Greeks...provides all the advantages of studying history in general: it widens one’s knowledge of humanity, sharpens one’s power of judgement, improves one’s character” (Beiser, 2011, p. 185). He also claimed that, “through examining the culture of the ancient world, we would see how it is possible to cultivate the intellectual, moral and aesthetic power of all human beings” (Beiser, 2011, p. 185). Thus, it should come as no surprise that some of the central themes of Humboldt’s philosophy, namely the notion of achieving the highest self-development, the harmonious development of reason and feelings through aesthetics, and harmonious human relationships with one another and nature, were inherited from the philosophy of the ancient Greeks.

Humboldt strongly valued harmonious relationships with others in his own life, believing that they enriched his ideas and contributed to his own emotional and intellectual development. He also valued the study of art and culture, as did the ancient Greeks, for the purpose of achieving the highest self-development. Additionally, Humboldt placed a high level of value on virtuous actions, which was also inspired by the philosophy of the ancient Greeks, as well as the achievement of “[g]oodness in the moral faculty”⁵⁷, in order to develop the capabilities of individuals and make them “stronger”, “greater and nobler”, all of which represent important components of the highest self-development (Roberts, 2008, p. 36).

It is worth noting that Humboldt’s close friendships with some of the highly regarded intellects and philosophers of his time, such as Wolfgang von Goethe (1749-1832), and Friedrich Schiller (1759-1805), also played significant roles in the development of his liberal ideas. Humboldt, along with Fichte, Schlegel, Schiller, and Goethe, was part of the Jena circle, which was essentially the centre of German idealism and the Romantic Movement. Additionally, a number of well-known German philosophers influenced Humboldt’s ideas pertaining to the role of the state, the notion of spontaneity and the achievement of the highest self-development; the most prominent

⁵⁷ Neither the status of women nor the issue slavery prevented Humboldt from admiring Greek culture and life.

among them included Gottfried Wilhelm Leibniz⁵⁸ (1646-1716), Kant⁵⁹ (1724-1804), and Friedrich August Wolf⁶⁰ (1759-1824). Despite their important roles in the development of Humboldt's political philosophy, I will not discuss the specific contributions made by each of these philosophers in *The Limits of State Action*, with the notable exceptions of Leibniz and Kant's influences.

Even though it was widely believed that Humboldt was influenced by the Kantian concept of spontaneity, Robert Leroux, in *Guillaume de Humboldt: La Formation de sa Pensée Jusqu'en 1794* (1932), argued that Humboldt's concept of spontaneity was actually influenced by Leibniz's idea of spontaneity; this is on account of Humboldt receiving a Leibnizian education. Leroux explained that it was Johann Jakob Engel, Humboldt's philosophy professor, who taught him Leibniz's philosophy. He claimed that, given that Engel focused on teaching Humboldt the rules of spontaneous reasoning and thinking, it is not surprising that Humboldt's concept of spontaneous order was influenced by Leibniz, rather than Kant.

Humboldt also adopted Leibniz's views regarding spontaneity; both theorists believed that spontaneity was related to their accounts of freedom and the free choice of individuals. In fact, according to Leibniz and Humboldt, spontaneity is a necessary condition of freedom. More specifically, Leibniz was of the opinion that acting spontaneously involved the use of one's "knowledge", as well as one's "deliberation" in choosing the best available option (Leibniz, 2006, p. 97). Based on his conception of spontaneity, individuals (or substances⁶¹) are self-determined, active and subject to change. Any changes to substance are outcomes of the momentary tendencies of its states, meaning they are spontaneous.

⁵⁸ Beiser, 2011, p. 175, 176, Burrow, 1969, p. XXI

⁵⁹ Beiser, 2011, p. 169, Burrow, 1969, p. XXI

⁶⁰ Beiser, 2011, p. 183, 184, Burrow, 1969, p. XXVI

⁶¹ "The doctrine of monads is the culmination of Leibniz's thinking about substance" (Rutherford, 1995, p. 132). Monads are not corporal entities; they are "soul-like beings", where the soul and body are united with a living thing (Rutherford, 1995, p. 140). Furthermore, for Leibniz, the union of an individual soul and "form of body" (rational soul) are "the substances of human body". In his philosophy, each substance has a soul (or mind); however, the "soul is not a substance", but "a substantial form" (Sleigh, 1990, p. 100). He was of the opinion that changes and actions in a substance occur as a result of a soul's influence.

According to Leibniz, “spontaneity is contingency”, where the term contingent refers to “what is not necessary” (Leibniz, 2006, p. 94). That means spontaneity entails that an individual “does not choose through necessity” (Leibniz, 2006, p. 107). Therefore, Leibniz was of the view that spontaneous actions are those that are not “constrained” by external sources (Leibniz, 2006, p. 94). In other words, for Leibniz, as well as Humboldt, actions or changes to a substance or an individual are not spontaneous if they can be attributed to an external source. In fact, Leibniz argued that an individual’s changes originate “from an internal principle, since no external cause can influence it internally” (Leibniz, 1991, §11). Thus, all the changes to substance originate from the soul⁶², which is the source of activity.

According to Leibniz, each soul has “infinite complexity”. Nobody can possess perfect knowledge about other individual’s soul, which is limited in terms of capacity, and predict exact outcomes of each individual soul’s actions. As a result, no substance can know the future actions of other substances. In other words, every activity is the result of a mind (or soul) determining itself “by reason of good”, without coercion on the part of external sources (Leibniz, 2006, 105). Thus, according to Leibniz, if, for example, an external source or force intervenes in the actions of a substance, then the soul becomes confused, which leads to perceptions of the substance also becoming confused; as a result, this intervention has prevented the substance from changing spontaneously. That means freedom, according to Leibniz’s philosophy, requires that substances are self-determining entities (Leibniz, 2006, p. 94).

Leibniz argued that “the mind determines itself towards the greatest apparent good” (Leibniz, 2006, 105). That means changing from one state to another involves a higher level of perfection⁶³ (Sleigh, 1990, p. 11). This can also be interpreted as meaning the more self-determining individuals are, “the more perfect they are” (Leibniz, 2006, p. 94). According to Leibniz, “the more they [substances] approach the divine perfection the less need they have to be determined from the outside” (Leibniz, 2006, p. 95). Believing

⁶² According to Leibniz, the term soul refers to an individual mind.

⁶³ According to Leibniz, imperfection, contrary to perfection, represents “sin”.

that “every substance must attain all the perfection of which it is capable” (Leibniz, 2006, p. 80), he also explained that substances that failed to achieve perfection, or imperfect substances are “removed from God”, are also “least determined” (Leibniz, 2006, p. 95). Leibniz not only believed that perfection is the source of happiness, but also that it comes from God.

It appears that, in addition to the notion of spontaneity, Humboldt also adopted Leibniz’s views pertaining to perfection, which basically “consists in the greatest possible unity amid the greatest possible variety” (Beiser, 2011, p. 176). That means Humboldt’s concept of perfection is closer to that of Leibniz than Christian Wolff (1679-1754). According to Douglas Moggach, in “Freedom and Perfection: The German Debate on the State in the Eighteenth Century” (2009), Wolff’s perfectionism requires “outside guidance” or state interference (Moggach, 2009, p. 9). To the contrary, Humboldt argued that the achievement of perfection was not related to state intervention for the purpose of achieving a common goal. Instead, both Humboldt and Leibniz believed that individuals should self-develop and determine their own actions and decisions without referring to “outside guidance”.

Furthermore, Humboldt’s view of the highest self-development concurred with Leibniz’s belief that the change and development of monads⁶⁴, or individuals, has no limitations; it is infinite or continuous. According to Leibniz, monads aim to achieve the highest perfection. He emphasized the fact that no other monads are permitted to intervene in this achievement of perfection. For him, the only reason a monad is unable to achieve highest perfection is related to its “limited apprehension” or external interferences (Rutherford, 1995, p. 141).

However, despite the fact that Humboldt held some views that were similar to Leibniz’s notions of spontaneity, perfection, and the unity of multiplicity, there are a few fundamental differences between their ideas. For example, Leibniz regarded monads as spiritual beings and spontaneity as independent of the physical world (Leroux, 1932, p.

⁶⁴ This thesis accepts that the term monad refers to an individual.

235). Humboldt, on the other hand, believed that individuals are not solely spiritual beings, but also sensitive ones. Furthermore, the roots of Leibniz's conception of freedom, as well as his views on perfection and spontaneous order, all lie in God's image. For him, "God wills freely" and represents the highest perfection; "he always chooses the best" or "most perfect" (Leibniz, 2006, p. 107, 108).

Humboldt mentioned the association of achieving perfection with God's image when he stated: "Our search after truth, our striving after perfection, gain greater certainty and consistency when we can believe in the existence of a Being who is at once the source of all truth, and the sum of all perfection. The soul becomes less painfully sensible of the chances and changes of fortune, when it learns how to connect hope and confidence with such calamities" (Humboldt, 1969, p. 56). However, contrary to Leibniz, Humboldt did not derive his concepts of perfection, freedom, or spontaneity from God's image or perfection. Humboldt opposed Leibniz in that he believed that the environment and physical world, which played significant roles in the evolution of the universe and humanity, constituted important conditions for the deployment of spontaneous forces (Leroux, 1932, p. 235). However, even though Humboldt opposed Leibniz's idea of Monadology on account of its tendency to subordinate the feelings and emotions completely to reason, he was, nonetheless, influenced by some of the central themes of Leibniz's philosophy (Leroux, 1932, p. 19, 116).

Furthermore, Humboldt adopted Kant's notion that each individual needs to be treated as an end and never as a means⁶⁵; Humboldt also accepted Kantian "moral law", as both he and Kant were opposed to utilitarianism (Burrow, 1969, p. XXX). In other words, Humboldt adhered to Kant's idea presupposing the existence of freedom in society, where citizens respect the moral capacities of others and act in accordance and cooperation with one another. Both Humboldt and Kant were of the view that individuals need to cooperate with one another and cannot live in isolation; as a result, they both valued morality and self-legislation for the purpose of ensuring that one's actions do not undermine the freedom of others, which is necessary in order to allow for individuals to

⁶⁵ Humboldt adopted Kant's practical imperative, "[a]ct in such a way as to treat humanity, whether in your own person or in that of anyone else, always as an end and never merely as a means" (Kant, 2005, p. 29).

realize their true potential in a society. Accordingly, they both incorporated these notions into their respective concepts of freedom. However, despite significant Kantian influence over his ideas, Humboldt was of the opinion that Kant's philosophy was "too rationalistic, too abstract, placing reliance on a priory reason divorced from the world of sense" (Roberts, 2008, p. 3). In response, Humboldt attempted to reconcile or harmonize "reason" and "the world of sense" (or "feeling") in order to achieve the highest development of individuals.

In addition to being influenced by the philosophies of Leibniz and Kant, some of Humboldt's views were also impacted by the liberal ideas of other well-known thinkers including Hume, Locke, Condillac and Rousseau. Furthermore, it is worth mentioning that Humboldt's concept of the state was developed, in part, as a reaction against Wolff's Cameralism. However, despite the significant influence that each of these theorists had over Humboldt's intellectual development, I will not focus on the specific contributions that each of them made to Humboldt's writings⁶⁶.

3. 3. Humboldt's Conception of Freedom

Although Humboldt's account of freedom is the focus of this section, it will not be the only topic examined. For this reason, this section will also discuss the similarities and dissimilarities of different components of Humboldt and Hayek's conceptions of freedom.

Humboldt and Hayek both attributed a great deal of importance to explaining the nature of the concept of freedom. Humboldt did not view freedom as part of "the state of nature" or "natural freedom"; Hayek also did not take the term freedom to mean "natural freedom". Furthermore, Humboldt distinguished his conception of freedom from political freedom. Hayek also held similar views with Humboldt regarding political freedom, which meant that both of them did not consider political participation to be a sign of

⁶⁶ According to Leroux, despite his exposure to the rich literary and philosophical tendencies of his time, as well as those of the ancient Greeks, Humboldt's relationship with the opposite sex also played a major role in his intellectual development.

freedom. In other words, they did not regard political participation or political liberty under a democratic system as an ideal form of societal organization for the achievement of freedom. They also rejected any definition of freedom related to the possession or imposition of common moral or ethical values. In fact, both of them thought the promotion of common moral values by the state authority represented a hindrance to the achievement of diverse moral values within society. They also believed that, in order to secure and sustain freedom, the state had to respect the diverse moral values that each individual possesses.

Humboldt and Hayek not only rejected the definition of freedom as natural freedom, or political freedom, they also opposed associating freedom with common moral or ethical values, and argued against paternalist state intervention for the purpose of achieving material, intellectual and physical happiness and perfection. Hayek associated this kind of state intervention with coercion, as he believed “[i]nterference...[is]...by definition an isolated act of coercion, undertaken for the purpose of achieving a particular result” (Hayek, 1976, v. 2, p. 129). As a result, he opposed positive freedom because he held the view that paternalism by the state for the purpose of achieving “rational self-mastery”, self-determination, and self-actualization had the potential to coerce individuals and deprive them of their freedom by transforming state interference into despotism and authoritarianism, as was the case with the totalitarian regimes of the 20th century.

Despite the fact that Humboldt and Hayek disregarded paternalist state intervention in the achievement of freedom, they attributed a great deal of importance to the relationship between the conception of freedom and progress in different areas of life in a spontaneously ordered society. Humboldt was of the opinion that when conditions of freedom are achieved, different sectors of the economy are “rapidly improved”, “all the arts flourish more gracefully”, and “all the sciences extend their range” (Humboldt, 1969, p. 50, 51). He also thought that improvements and progress are not only realized in “the economy, arts and sciences” in societies where freedom has been achieved, but also in all areas of social and private life (Humboldt, 1969, p. 51).

Meanwhile Hayek's recognition that a relationship existed between the concept of freedom and progress within a society was particularly prevalent in his arguments aimed at proving the superiority of the spontaneously ordered society over centrally and deliberately designed economies. He argued that "[t]he only moral principle which has ever made the growth of an advanced civilization possible was the principle of individual freedom, which means that the individual is guided in his decisions by rules of just conduct and not by specific commands" (Hayek, 1979, v. 3, 151). He also claimed that "...man has not only never invented his most beneficial institutions, from language to morals and law...The basic tools of civilization – language, morals, law and money – are all the result of spontaneous growth and not of design..." (Hayek, 1979, v. 3, 163). In other words, the progress of societies is related to "the principle of individual freedom". This is equivalent to Humboldt's claim that progress is realized in different areas of society when the conditions of freedom are achieved. Even though Hayek did not use the exact same vocabulary as Humboldt, he nonetheless shared the view that a society realizes improvements and progress in different areas of life when freedom is attained.

Humboldt argued that freedom engenders "an infinite multiplicity of new relations" and "various and indefinite activity", the outcomes of which cannot be predicted (Humboldt, 1969, p. 29). Meanwhile, Hayek also stressed the importance of the relationship between "the infinite variety of individuals" as an outcome of freedom (Hayek, 1979, v.3, p. 172). He went on to argue that civilisation and progress are achieved by "making the fullest use of the infinite variety of individuals" (Hayek, 1979, v.3, p. 172). Hayek, much like Humboldt, maintained that the exact outcomes of the relationships between "the infinite variety of individuals" cannot be predicted, as each individual possesses distinct dispersed knowledge. Of note, Hayek's use of the expression "the infinite variety of individuals" when discussing its relationship to prediction and freedom is very similar to the way in which Humboldt employed the phrase "an infinite multiplicity of new relations" when he was explaining its connection to prediction and freedom. In this case, there is not only a significant resemblance in

terms of the relationship between their arguments and ideas, but also in terms of the linguistic formulation of their views.

Humboldt and Hayek associated freedom with “the possibility of a various and indefinite activity” without interference by an external force in a person’s pursuit of their individual ends (Humboldt, 1969, p. 4). More precisely, Hayek emphasised the point that freedom depends on whether or not one can “expect to shape his course of action in accordance with his present intentions, or whether somebody else has power so to manipulate the conditions as to make him act according to that person’s will rather than his own” (Hayek, 2011, p. 61). In other words, in order to be free, individuals have “to be allowed to pursue” their “own ends” without coercion or interference (Hayek, 1989, v.1, p. 63).

According to Humboldt, if the freedom of an individual is violated, “then his right is violated, and the cultivation of his faculties—the development of his individuality—suffers” (Humboldt, 1969, p. 120). Hayek also associated the violation of individual right with coercion and un-freedom; as a result, he argued that freedom requires that “the individual has some assured private sphere, that there is some set of circumstances in his environment with which others cannot interfere” (Hayek, 2011, p. 61). This is basically one of the common components of Hayek and Humboldt’s respective conceptions of freedom, which has been labelled as negative freedom; this will be further explained in the following section.

3. 3. 1. Negative Freedom

Negative freedom is one of the central themes that Humboldt’s conception of freedom revolves around. Although Humboldt did not explicitly refer to the “negative concept of freedom” by name, this is precisely what he advocated in *The Limits of State Action*, where he associated “freedom” with “the possibility of a various and indefinite activity” on the part of human beings and the absence of coercion in the activities of human beings (Humboldt, 1969, p. 10). According to him, coercion occurs when one’s

actions are restrained by the will of another individual agent or the state itself. Therefore, he believed that the less significant the coercion or interference in the private spheres of individual, the greater his freedom, as he becomes increasingly dependent upon himself and more “well-disposed towards others” (Humboldt, 1969, p. 69). Humboldt argued that the absence of coercion or constraints imposed by other individuals and, more importantly, by the state is a necessary condition of freedom. This is because he was of the opinion that coercion by others restricts the activities of individuals and threatens their freedom.

Similarly, negative freedom also featured prominently as a component of Hayek’s political philosophy. Hayek also regarded freedom as the absence of “coercion”, which he defined as “control of the environment or circumstances of a person by another that, in order to avoid greater evil, he is forced to act not according to a coherent plan of his own but to serve the ends of another” (Hayek, 2011, p. 71). He further argued that “[c]oercion is evil precisely because it thus eliminates an individual as thinking and valuing person and makes him a bare tool in the achievement of the ends of another” (Hayek, 2011, p. 71).

As an alternative to coercive systems, Hayek defended spontaneously ordered systems that are “based on abstract rules which leave individuals free to use their own knowledge for their own purposes” (Hayek, 1967, p. 162, 163). Therefore, Humboldt and Hayek appear to share similar views in terms of their opposition to coercion and defense of spontaneously ordered societies. According to both thinkers, individuals are free so long as they are left alone to use their own wills or “thinking” in the pursuit of their ends within their private spheres, free from having anyone dictate how they should live their lives. Even though both Hayek and Humboldt identified freedom with the absence of coercion, neither of them specifically referred to the “negative concept of freedom” by name, despite the fact that this is exactly what they so strongly advocated and defended in their respective political philosophies; this negative concept of freedom was explained in more detail in chapter two.

While both Humboldt and Hayek identified freedom with absence of any type of coercive power to dictate one's actions, they were mainly preoccupied with the coercive powers of the state. More specifically, they were explicitly opposed to any form of state intervention designed to achieve material, intellectual and physical happiness and perfection, because both of them believed that this form of intervention represented a form of coercion. Humboldt was of the opinion that "the State should exercise as little positive influence as possible, even through indirect means" over the citizens (Humboldt, 1969, p. 129). Hayek seemed to share a similar view with regards to the "positive influence" of the state over its citizens, as he stated that: "the observance of the negative rules of just conduct that made possible the integration into a peaceful order of individuals and groups which pursued different ends; and it is the absence of prescribed common ends which makes a society of free men all that it has come to mean to us" (Hayek, 1976, v. 2, p. 110, 111); it should be noted that when Hayek uses the expression "the absence of prescribed common ends", he is basically referring to the absence of the positive influence of the state in the achievement of common ends.

Hayek criticized the use of coercive power to achieve common ends in welfare states, social democratic systems, and totalitarian regimes⁶⁷. He argued that the achievement of common goals and ends, which are teleologically evaluated by the state authority, would inevitably coerce individuals by eliminating their ability to operate as free beings that make decisions according to their own thoughts, convictions, beliefs, interests, wills, etc. That means attaining teleologically evaluated goals and ends would engender a situation where, instead of relying on their own faculties to make a choice of action, individuals would obey uniform patterns and standards that are imposed by the state. If citizens do not obey those uniform patterns and standards, then the state can take measures to force them to comply.

⁶⁷ Hayek discussed the link between tribal societies and paternalist states designed to achieve common ends such as material, intellectual and physical happiness and perfection. In tribal societies, people lived in small groups, knew each member of the community intimately, and felt a responsibility and moral obligation to help "neighbors or inhabitants of the same village or town" (Hayek, 1976, p. 89). Additionally, people in tribal societies respected and obeyed the commands and dictates of an authority figure; Hayek argued that the members of a tribal society had complete confidence that the decisions of their commanders would achieve the best possible outcome for their small society. He used this link between tribal societies and paternalist states to criticize welfare states, social democratic systems, and totalitarian regimes. Nevertheless, Hayek associated paternalist states with the desire to return to a tribal society, which is essentially a small, simple, and community-oriented world. He was of the opinion that the desire to return to a tribal society in the modern world would require the central provision of social services, which involves a planner who rationally and consciously conducts a teleological evaluation of common goals and ends.

Humboldt and Hayek regarded all types of paternalist state, designed to achieve teleologically evaluated goals and ends, as forms of coercion that would eventually jeopardize individual free choice and rights, which could act as key factors in the obstruction of freedom. Humboldt argued that paternalist states represent a threat to the proper functioning of spontaneity when he stated: “[t]he man who frequently submits the conduct of his actions to foreign guidance and control, becomes gradually disposed to a willing sacrifice of the little spontaneity that remains to him” (Humboldt, p. 20). Similarly, Hayek also warned that if the actions and “interaction of the individuals” were guided by any external “authority”, “the spontaneous process” would be in danger (Hayek, 1979, v. 3, 152).

Both Humboldt and Hayek argued that the imposition of uniform patterns and standards by the state for the purpose of achieving common goals and ends interferes with not only the spontaneity of individuals, but also with the free development of their intellects, skills and capacities. In other words, the state prevents individuals from spontaneously using and developing their beliefs, intelligence, knowledge, and abilities in the name of achieving common goals and ends. Thus, Humboldt and Hayek appear to share the view that freedom has nothing to do with achieving teleologically evaluated goals and ends, even if they have noble intentions, which is why they sought to limit the likelihood of coercive power on the part of the paternalist state.

3. 3. 2. Hayek’s Break with Humboldt’s Political Philosophy: Self-Development

Contrary to his appreciation for some of the aspects of ancient Greek life, Humboldt was generally dissatisfied with the modern world, stemming from its prevailing obsession with individual “comfort”, “prosperity”, and productivity (Humboldt, 1969, p. 12). He rejected these key characteristics of the modern world and, instead, valued the notion of highest self-development. In fact, his reflections about the concept of freedom often revolved around the notion of the highest self-development, which is basically the achievement of “the fullest, richest, and most harmonious

development of the potentialities of the individual, the community or the human race”, that cannot be imposed on individuals through external impediments (Burrow, 1969, p. XVIII).

Humboldt’s view of self-development combines early liberal ideas with the notion of perfection that prevailed in ancient Greece and Leibniz’s views pertaining to perfection. As explained earlier, it is not surprising that Humboldt inherited Leibniz’s views of perfection, as his philosophy professor, Johann Jakob Engel, taught him Leibniz’s philosophy. Meanwhile, the influence of ancient Greece stems from the fact Humboldt studied “the Greeks” in order to understand the roles that education, knowledge, ethical values, and harmonious relationships in the community played in the achievement of perfection and self-development. He was convinced that “the Greeks as a nation matured to final perfection” and that they represented the “highest and richest human existence” (Roberts, 2008, p. 47).

This notion of the highest self-development was the main point of contention between Humboldt and Hayek’s political philosophies. To be more precise, Hayek never made any arguments for the defence of the highest self-development, whereas Humboldt placed a high value on its achievement as an important aspect of his conception of freedom. Humboldt was of the opinion that the achievement of the highest self-development not only engenders evolution and progress, but that it also has the capacity to reduce or eliminate any form of external intervention. Furthermore, he believed that, as individuals get closer to attaining their highest self-development, they would gain the highest respect for the rights and freedoms of others, oppose any form of coercion, and experience less intervention (on fewer occasions) in their actions and decisions (Leroux, 1932, p. 313). As a result, security would be achieved spontaneously and guaranteed with no requirement for state action (Leroux, 1932, p. 348).

Humboldt regarded self-development as “the highest aim of human existence” (Roberts, 2008, p. 29). It is a form of development that is neither stationary nor settled; rather, it is a dynamic and continuous development that requires self-consciousness, self-

determination, and self-education, and has nothing in common with the maximization of self-interests and utility (Leroux, 1932, p. 119). However, Humboldt made it clear that, in addition to self-consciousness, self-determination, and self-education, the achievement of the highest self-development also requires the integration of past progress and developments into present progress and developments. Basically, self-development consists of the developments, traditions, customs and practices of earlier generations, which, for Humboldt, represents the realisation of a new phase of humanity⁶⁸. This new phase possesses the values, practices and developments of previous phases, but in a more complete and harmonious form relative to earlier phases of human evolution.

Hayek did not regard self-consciousness, self-determination, self-education, and the achievement of the highest self-development as important components of freedom. Humboldt would not agree with some of the reasons that Hayek put forth in his rationale for rejecting those components, as he strongly defended the highest self-development and self-realization, which could not be achieved if individuals lacked opportunities. Contrary to Hayek, Humboldt viewed the absence of the natural conditions needed to achieve the highest self-development as an obstacle to the existence of freedom. For example, if people experienced a lack of education on account of natural conditions, they would not be able to achieve the highest self-development and, therefore, cannot be considered free. In other words, if a certain condition was necessary for the development of people's abilities, intellects, and capacities, then Humboldt would allow for the state to take the measures necessary to facilitate the emergence of that condition.

Although there are many similarities between their respective concepts of freedom, Hayek's conception excludes positive freedom in the sense of "rational self-mastery", self-determination, and self-actualization, which is contrary to that put forth by Humboldt. According to Humboldt, self-development is strictly related to rich life experiences, education, knowledge, cultural development (or *Bildung*), the multiplicity of diversity, and harmonious relationships (Leroux, 1932, p. 119). Those components also

⁶⁸ Humboldt was critical of the French Revolution for aiming to erase the past and create a new order (Leroux, 1932, p. 247). According to him, the present social order is always related to the past social order.

represent additional points of contention between Humboldt and Hayek's respective political philosophies. The following sections will explain the three central themes of the highest self-development: harmonious relationships, "the unity of diversity", and, *Bildung*⁶⁹.

3. 3. 2. 1. Harmonious Relationship

Hayek was conscious of the fact that individuals were dependent upon society and social relationships for the achievement of their particular goals and ends. However, contrary to Humboldt, he did not attribute any importance to the realization of harmonious relationships with other members of society. It is important to mention that Humboldt's argument to the effect that the nature of man was of an agent free from external impediments was sufficient for him to be labelled a liberal; however, the fact that he attributed a great deal of importance to "emotions" and harmonious relationships with other members of society means that his brand of liberalism was different from the typical "liberal form in which individuals in society confront each other as external objects and obstacles, as rival" (Burrow, 1969, p. XIII). This is what Burrow was referring to when he stated that even though Humboldt was labelled a liberal, his brand of liberalism had "a distinctive flavour"⁷⁰. He argued that Humboldt's "ideal of society has in fact more in common with some aspects of socialism; it is an ideal of fellowship in which each individual is both separated yet involved" (Burrow, 1969, p. XXXVII). In other words, Humboldt's liberalism is not just about the acceptance of "basic rules" to allow for individuals to live their lives and pursue their particular objectives based on rationalist and utilitarian principles.

Before explaining the notion of harmonious relationships in Humboldt's political philosophy, it is important to point out that harmonious relationships and harmonious personality are not related to any "ethical imperative"; rather, they are linked to "a certain

⁶⁹ Humboldt's views pertaining to harmonious relationships, as well as diversity, and the multiplicity of unity, were derived from "the concept of the work of art", which eventually became part of his "political thought".

⁷⁰ According to Burrow, Kantian elements that are integrated into Humboldt's political philosophy "gives to his political liberalism a distinctive flavour" (Burrow, 1969, p. XXXV)

kind of personal poise and balance, as in the coherence of a work of art” (Burrow, 1969, p. XXXI). Humboldt highly valued harmonious relationships within the community, with nature, and with oneself (i.e. harmony between the sensibility and intellectual ability of each individual), believing that they enrich individuals’ ideas and contribute to their personal, emotional and intellectual development. For him, “harmony...was a matter of aesthetics of personality, perceived by taste or feeling, as one perceived beauty, not by a crypto-Benthamite calculation” (Burrow, 1969, p. XXXII). In other words, Humboldt believed that harmony shares nothing in common with the utilitarian perspective, which basically aims to maximize potentialities; rather, harmony is the reconciliation of the sensual world and spiritual world of men. Humboldt actually rejected the utilitarian perspective on the grounds that it was mechanistic and did not address “inner cultivation” or the notion of “goodness in the moral faculty”. Contrary to the utilitarian view, Humboldt’s notion of harmony has some Kantian elements to it, such as dedicating oneself to the achievement of harmony as an end in itself.

Humboldt derived his ideas on harmonious relationships from the philosophy of the ancient Greeks, as evidenced by the fact that he emphasised the connection between the highest self-development and social relationships; he also claimed that the highest self-development would not be possible without the existence of multiple harmonious social relationships. That means, according to Humboldt, self-development, regardless of whether it is physical, intellectual, moral, or spiritual⁷¹, is not possible in solitude and isolation. This is on account of his belief that “the morality and character of man can only be understood in relation to community morality and culture” (Roberts, 2008, p. 42).

Humboldt emphasised the importance of harmonious relationships⁷² to the multiplicity of relationships and diversity, which are important elements in the achievement of the highest self-development. More precisely, he explained that each society consists of a vast variety of people with different levels or types of intellectual,

⁷¹ Humboldt explained the importance of the perfection of spirituality as it pertains to the highest self-development. He also stated that spirituality is important for the perfection of individuals, which measures what is good and bad, as well as for the achievement of harmonious relationships between human beings.

⁷² In addition to harmonious relationships between individuals, the highest self-development also requires a harmonious relationship with nature.

moral and physical perfection; if harmonious relationships exist, then people can mutually enrich one another through their individual talents, skills, intelligence, etc. He believed that harmonious relationships between individuals resulted in the “mutual improvement of character” and self-development. In other words, the existence of harmonious relationships in a society has the potential to create some sort of admiration for each other’s attributes, which would engender the desire or aspiration to enrich one’s own intelligence, talents, skills, etc.

3. 3. 2. 2. The Unity of Diversity

Humboldt wanted to make it clear that harmonious relationships within society should never be confused with the homogenization of the intellectual, moral, spiritual and physical perfection of individuals. Thus, he stressed that the highest self-development on the part of individuals is strongly related to the exploration and expression of their originality and diversity. According to him, diversity, which refers to the flourishing of particularities and enriching and refining intellectual and moral variety of individuals, is an important feature in the achievement of the highest self-development; thus, harmonious relationships within society involve “the unity of diversity”.

“The unity of diversity” is an important concept in Humboldt’s idea of the highest self-development. Humboldt’s notion of “the unity of diversity” was originally influenced by Leibniz’s thoughts on the subject, which focused on the unity of a multiplicity of monads. Both Humboldt and Leibniz shared the view that perfection was essentially the unity of a multiplicity of souls (Leroux, 1932, p. 271). In fact, according to Leibniz’s concept of perfection, the unity of multiplicity is related to “harmonious order”, and “the most harmonious order” involves the existence of “the greatest variety of phenomena” (Blumenfeld, p. 384). Furthermore, Leibniz believed that each monad is distinct from all other monads; they have different perspectives and “there are never two beings in nature that are perfectly alike” with respect to attributes (Leibniz, 1991, §9). In fact, each individual possesses his own manner of self-education, self-perfection, and self-determination, all of which are subject to change.

Additionally, Leibniz believed that each monad's "state is defined in terms of a *plurality of affections and relations*, which are its perceptions" (Rutherford, 1995, p. 134). A monad's affections and relations can change continuously, which means the perceptions of that particular monad will also change (Rutherford, 1995, p. 134). However, despite differences in their perceptions and affections, monads will still maintain relationships with other monads. More specifically, Leibniz was of the opinion that it was still possible to achieve the unity of multiplicity, as individuals interact in harmony with one another, regardless of the fact that monads possessed a multiplicity of perceptions and affections. Furthermore, it appears that Humboldt essentially adopted Leibniz's idea of the unity of multiplicity in his own conception of freedom. To be more precise, he was of the belief that the unity of multiplicity is achieved despite the existence of a multiplicity of diversity and changes that spontaneously occur in the lives of individuals.

Humboldt stressed that the achievement of the unity of multiplicity should not be confused with "national uniformity". He explained that the unity of multiplicity is achieved by men grouping themselves into communities without state interference, despite the existence of a variety of goals, ends, capacities, and characteristics among individuals. Humboldt associated all state interference aimed at achieving the unity of multiplicity with the decline of variety and diversity in society.

Humboldt sought to achieve "the unity of diversity", with his ultimate goal being to preserve variety and the richness of diversity. In order to achieve variety, he believed that it was important to retain even the most painful events and experiences. He highly valued "the unity of diversity", as he believed that "the most cultivated individual, the most complete philosophy, are the ones which can most successfully assimilate and most fully contain the various cultural and moral commitments" (Burrow, 1969, p. XXI).

3. 3. 2. 3. *Bildung*

In addition to “the unity of diversity”, Humboldt also placed a high value on the role of *Bildung*, which is the source of progress in a society. For Hayek, however, much like his stance towards “the unity of diversity”, the concept of *Bildung* was not mentioned anywhere in his writings. He was of the opinion that individuals can be free even if they are uneducated, have no opportunities, lack the tools for the highest self-development, and are devoid of harmonious relationships with others.

Bildung, which respected the Kantian view that each individual has to be treated as an end and never as a means, has been utilized by many German thinkers (Roberts, 2008, p. V). In fact, the manner in which Humboldt used the term *Bildung* shared many similarities with the way Hegel employed it. According to Hegel, individuals learn to deliberate and reflect rationally to become rationally self-determining agents through the *Bildung* process. He believed that *Bildung* requires education or the formation of individuals, which essentially teaches individuals about the rules, laws and principles that “govern” their relations with other members of society. Furthermore, education assists individuals in the realisation of their “natural self”, which consists of qualities and skills that are “inherited” and “learned”; these include an individual’s abilities, enjoyment, and appreciation for sporting activities, as well as intellectual and artistic works (Neuhouser, p. 153). However, it is important to point out that the types of education or formation required for *Bildung* does not only involve learning, but also becoming a “self-directing” agent.

Similar to Hegel, Humboldt used the term *Bildung* to refer to “the fullest, richest and most harmonious development of potentialities of the individual, the community or the human race [nourished by diversity of experience]” (Burrow, 1969, p. XVIII, XIX). However, “*Bildung* could be represented as a quasi-organic and a dialectical process, consisting of an endless acceptance and innumerable provisional reconciliations of the creative tension between the individual and his environment and between the various contending aspects of his own nature” (Burrow, 1969, p. XXXI). Furthermore, Humboldt

and Hegel concurred on the view that *Bildung* involves self-education and self-improvement or self-culture. Not only did he regard self-education as an important part of historical progress and human evolution, but he also believed that the highest self-development involves self-education, which itself requires the improvement of skills, the cultivation of intellect, the refinement of moral values, the development of inner life, etc. Self-education is basically the “reconciliation of man’s inner being with the social context within which he lives” (Roberts, 2008, p. 62).

According to Humboldt, *Bildung* is based on “reason, sentiment and aesthetic sensibility”, founded in the spontaneity of activity, and requires freedom from views imposed by external authorities. This is because of the fact that *Bildung* finds “its origins exclusively in the interior of the soul and can only be occasioned, not produced, by outside activity” (Roberts, 2008, p. 61).

Humboldt considered a life “dedicated to *Bildung*” to be “a work of art” (Burrow, 1969, p. XX). According to him, the aesthetic education of individuals plays a powerful role in the formation of character, the achievement of perfection, the creation of civilised life, and the establishment of a flourishing cultural environment. He argued that aesthetic education is more effective and potent in the effort to achieve freedom than reforming or reorganizing the “political and legal institutions” of the state. He also supported aesthetic education for its contribution to the “elevation of sentiments” and “moralisation of will”. Specifically, Humboldt stated that, “aesthetic feeling is the means by which man attains the unique fulfilment of his inner individuality through the unfolding and growth of his unique characteristics” (Roberts, 2008, p. 52). Furthermore, he believed that aesthetic education is “vigorous, an active imaginative energy or power which transform experience through a creative act to bring it close to ideal, that is, it reconciles the world of experience and the precepts of ideal form” (Roberts, 2008, p. 52). Basically, through aesthetic education, societies are able to achieve the highest degree of self-development and self-cultivation of individuals.

Humboldt also made the argument that *Bildung* is “the fundamental objective of the educational system” (Roberts, 2008, p. V). He highly valued certain aspects of the Greek educational system, such as the study of different disciplines like art, history and politics, which he associated with the aspiration to achieve human perfection. More precisely, he regarded the study of different subjects and disciplines as a fundamental aspect of achieving the highest degree of self-development. As a result, he highly valued the early education of children, not only for the development of skills as well as intellectual and moral capabilities, but also to achieve the highest degree of self-development in its richest diversity. However, despite his support for the early education of children, Humboldt was not in favour of a national system of education, which he considered a threat to the achievement of human development in its richest diversity.

3. 4. The Role of the State

Despite the fact that he focused on “the proper aims and limits” of the state, Humboldt was not particularly concerned with the transition from the state of nature to civil society, social contracts, natural rights, etc. (Burrow, 1969, p. XXXVII). Additionally, even though he focused on the role of state, he did not attempt to conceive “the best form of government”, nor was he interested in the notion of who should govern (Burrow, 1969, p. XXXVII). Humboldt was mainly preoccupied with the nature of human beings, human development, and the achievement of freedom, all of which he explained required free choice and non-guidance (non-instruction) on the part of state power. In other words, Humboldt believed that instructions, or any form of guidance, on the part of the state is “alien” to the “true nature” of men. As a result, he sought to identify “the exact sphere to which the government, once constructed, should extend or confine its operation” (Humboldt, 1969, p. 9).

According to Leroux, Humboldt’s views concerning the role of the state were deeply influenced by the economic liberalism that was originally introduced to him by his professor of political economy, Christian von Dohm (Leroux, 1932, p. 129). Dohm was of the opinion that the state should assume responsibility for the liberty and security of its

citizens via constitutional law and public policy, while simultaneously leaving them alone to pursue and achieve their objectives (Leroux, 1932, p. 366). He thought that the state should not attempt to provide its citizens with happiness or their physical, material, intellectual, moral and spiritual needs, as doing so would weaken individual initiative and independence (Leroux, 1932, p. 366). Additionally, Dohm believed that industry, agriculture, and business would achieve more efficient outcomes without a state role (Leroux, 1932, p. 366).

Leroux claimed that Humboldt's conception of the state was not only influenced by Dohm's political economy, but also by the German philosopher Friedrich Heinrich Jacobi, who also happened to be Humboldt's friend. Unlike Dohm, Jacobi's influence on Humboldt was not related to political economy, but rather to the subjects of religious choices or moral practices. More precisely, Humboldt was influenced by Jacobi's argument that there is no rationale for state intervention in the religious choices or moral practices of individuals (Leroux, 1932, p. 206). Based on the fact that he was significantly influenced by the ideas of Dohm (his former professor) and Jacobi (friend), Humboldt argued that limiting the role of the state was necessary, not only to achieve greater liberty and diversity, but also to attain the highest self-development, as well as to facilitate progress in society.

Similar to Dohm and Jacobi, Humboldt was adamantly opposed to any form of state intervention aimed at guaranteeing the positive welfare of citizens, because he was of the opinion that such an endeavour would necessitate that the state intervene in people's "private affairs", including their individual thoughts, moral values, religious faith, health, and education. He claimed that the state should not concern itself with "the positive welfare of its citizens", except in cases where their private affairs, lives, health, and possessions are "imperilled by the actions of others" (Humboldt, 1969, p. 89). That means he rejected any state intervention designed to achieve: material, intellectual and physical happiness or perfection, as was the case with Christian Wolff's interventionist state; the redistribution of property to ensure freedom as a right to labour, as with Fichte's interventionist state; the reconciliation of freedom with state authority, as was

demonstrated with Hegel's constitutional monarchy; or, the redistribution of wealth and the provision of social services, like in a welfare state.

3. 4. 1. Humboldt and Hayek on the Limited Role of the State

According to Humboldt, determining the proper role of the state was one of the most important issues in the domain of political philosophy, as evidenced by his statement that "the proper aims and limits of State agency must be of the highest importance...[it is] perhaps greater importance than any other political question" (Humboldt, 1969, p. 4). It was an important aspect of his political philosophy "to prescribe the exact sphere to which the government, once constructed, should extend or confine its operations" (Humboldt, 1969, p.3). He was concerned with the exact sphere of the state, because he was of the opinion that it was strongly related to the private lives of citizens. More precisely, he believed that activities of the state could pose a threat to the achievement of freedom, as "the freedom of private life always increases in exact proportion as public freedom declines" (Humboldt, 1969, p. 6).

It appears that Hayek acknowledges that he was aware of Humboldt's defence of a "minimum state" in *New Studies: in Philosophy, Politics, Economics and the History of Ideas* (1978) (Hayek, 1978, p. 129). In this book, Hayek briefly mentioned Humboldt, along with Herbert Spencer, as a contributor to the "principles of liberalism" in 19th century who discussed the role of "minimum state". In fact, the arguments that Hayek put forth in his defence of "the limits of governmental power" were very similar to Humboldt's views regarding the "minimum state". Much like Humboldt, Hayek focused on "the limits that a free society must place upon coercive powers of government" in many of his written works (Hayek, 1979, v. 3, 41). In other words, he tried to identify "the limits of what government may do" (Hayek, 1979, v. 3, 30). His goal was essentially to "lay down the limits of governmental power" in order to achieve freedom, which is similar to Humboldt's objective in the matter (Hayek, 1979, v. 3, p. 27). In *Law, Legislation and Liberty*, it was clear that Hayek was "mainly concerned with the limits that a free society must place upon the coercive powers of government" because of the

fact that he believed that “some kind of state action is extremely dangerous” (Hayek, 1979, v. 3, 41, 1989, p. 123). As a result, he focused his efforts on trying “to distinguish between legitimate and illegitimate action” on the part of the state (Hayek, 1989, p. 123). Thus, there is no question that Humboldt and Hayek were very concerned with establishing proper limits for state actions; for this reason, they both sought to identify the areas where it was necessary to limit state action in order to provide a wider range of freedoms for all members of society.

Much like Humboldt, Hayek seems to also have held the opinion that, contrary to the case of the state imposing uniform patterns and standards for the purpose of achieving common goals and ends, freedom requires assurances that the private spheres of individuals are not interfered with and that citizens are not prevented from using their own reason, conscience, intelligence or knowledge in attaining their particular goals and ends. As a result, both Humboldt and Hayek regarded the elimination (or minimization) of a state’s coercive power as a key element in the achievement of freedom. In order to eliminate or reduce coercion, intervention by the state has to be limited, as this would allow citizens to freely choose their own beliefs, values, and thoughts, as well as to possess the ability to shape their lives and develop their own faculties, skills, intellects, characters, and, ultimately, achieve diversity.

Humboldt and Hayek were very concerned about the outcomes of different types of state intervention. According to Humboldt, the achievement of freedom is harmed whenever a state imposes positive ends and rules designed to achieve the common good, even in cases where such ends and rules are efficient (Humboldt, 1969, p. 79). More precisely, he believed that even if “the citizens were compelled or actuated” by “the best of laws”, and those laws might provide tranquillity, peace, and prosperity as they impose positive duties on individuals, they would nevertheless look like “a multitude of well cared-for slaves, rather than a nation of free and independent men, with no restraint” (Humboldt, p. 79). Similarly, Hayek stated that “enforced obedience to common concrete ends is tantamount to slavery” (Hayek, 1989, v.1, p. 63, 64).

Humboldt was of the opinion that “any State interference in private affairs, not directly implying violence done to individual rights, should be absolutely condemned” (Humboldt, p. 16). More specifically, he objected to any form of state planning in the area of social services as well as in the different phases of the economy, including production, distribution, investment, currency regulation, unemployment, and trade balance. On this subject, he stated that “the State...is not to concern itself in any way with the positive welfare of its citizens, and hence, no more with their life or health, except where these are imperilled by the actions of others; but it is to keep a vigilant eye on their security” (Humboldt, 1969, p. 89). In other words, Humboldt denied the state “all positive solicitude [care] for the citizen’s welfare” (Humboldt, 1969, p. 85).

Hayek held similar views to those of Humboldt on the subject of state planning. Although Hayek did accept that a lack of economic prosperity was a sign of incapacity, he did not regard it as an obstacle to freedom. Like Humboldt, he opposed any state role in attempting to achieve positive outcomes for people’s welfare. Specifically, Hayek argued that defenders of state intervention for the purpose of achieving welfare confused the lack of economic resources, equality, opportunities, fairness, welfare, justice, etc. with a lack of freedom. Thus, he rejected “the assurance of a given standard of life [via state interference], which is determined by comparing the standard enjoyed by a person or a group with that of others” (Hayek, 2011, p. 376). More precisely, he was opposed to any “ambition that inspires the welfare state”, which basically refers to “the desire to use the powers of government to insure a more even or more just distribution of goods” (Hayek, 2011, p. 376). In fact, he was very concerned about the state’s use of “coercive powers...to insure that particular people get particular things” (Hayek, 2011, p. 376). As such, Hayek reached the conclusion that the achievement of “more even or more just distribution of goods” necessitates “a kind of discrimination between, and an unequal treatment of, different people, which is irreconcilable with a free society” (Hayek, 2011, p. 376).

Both Humboldt and Hayek explained that the redistribution of wealth, or the provision of social services and security, requires that the state has a number of different tools and measures at its disposal that would allow it to compel its citizens to behave in a certain manner. In other words, state intervention for the purpose of achieving common ends and goals is designed “to shape the citizen’s outward life” so that the state can influence the behaviours, views, and opinions of its citizens in order to bring their inclinations into conformity with the common goals and ends. Humboldt explained that, in order to achieve positive welfare, the state would essentially coerce “the citizen by some compulsory arrangement, directly by law or indirectly in some way, or by its authority by rewards, and other encouragements” (Humboldt, 1969, p. 25). For example, shaping “the citizen’s outward life” would lead the state to use “inducement”, where it would apply preventive measures through laws or exercise its coercive authority in order to suppress and prevent actions on the part of citizens that are opposed to the state’s objectives (Humboldt, 1969, p. 22). That means, according to Humboldt, the state can influence individuals’ “modes of thoughts” and actions in many ways on route to achieving its ends.

In *The Road to Serfdom*, Hayek devoted a great deal of time and effort to identifying the warning signs in Germany, Italy and Russia in order to understand the developments that produced totalitarianism. He argued that the various forms of collective, rational, and conscious control that existed in those countries were related to the achievement of positive welfare for their citizens. Furthermore, he believed that although Germany, Italy and Russia had different forms of collectivism, they all aimed to organize society via some sort of compulsory arrangement, or directly by establishing new rules and laws to influence individuals’ thoughts, actions, goals and ends. Despite the fact that Hayek used his arguments against state intervention to identify and explain the warning signs of “the road to serfdom”, there was a conceptual parallelism with Humboldt’s views on state interference.

Another reason for Humboldt’s rejection of state interference was related to his belief that such intervention has the ability to delay harmonious social evolution and

creativity, as well as weaken individual initiative and independence; he also believed that these interventions had the potential to transform individuals into machines by obstructing individual self-development. According to Humboldt, state interference designed to achieve common ends and goals would require transforming citizens into entities that “look for instruction, guidance, and assistance” in order to lead their lives, rather than relying on their own thoughts, beliefs, and conscience (Humboldt, 1969, p. 25). As a result, “all active energy” is suppressed and any “notions of merit and guilt become unsettled” within individuals (Humboldt, 1969, p. 25). In other words, state interference leads to individuals no longer expending any personal efforts on improving their situations, because they somehow “fear” initiating any new projects aimed at doing so. Humboldt further argued that this would lead individuals to become dependent on state programs instead of relying on their own “expedients”, which would cause them to lose their aptitude for spontaneous action and lead to a weakening of relationships, sympathy, and cooperation among citizens (Humboldt, 1969, p. 25). Therefore, state intervention can reduce freedom by raising expectations for state “guidance, instruction and assistance” on the part of citizens, leading them to gradually stop “relying on their own efforts”, thoughts, beliefs, and conscience (Roberts, 2008, p. 17).

Additionally, according to Humboldt, when the state provides different social services and programs to achieve common ends and goals, “each individual abandons himself to the solicitous aid of the State, so, and still more, he abandons to it the fate of his fellow-citizens. This weakens sympathy and renders mutual assistance inactive” (Humboldt, 1969, p. 26). In other words, state interference designed to ensure the positive welfare of its citizens can engender a lack of compassion or any genuine sense of sympathy, causing “mutual assistance” among individuals to become “inactive”. As a result, Humboldt rejected state arrangements and the imposition of duties and rules on citizens. He was of the opinion that, instead of enforcing positive laws (e.g. imposing duties on citizens, “or the sacrifice or performance of anything either for the State or for each other”) so as to contribute to social services and programs, the state should try to ensure the conditions of voluntary co-operation and mutual assistance (Humboldt, 1969, p. 92). He believed that in the cases of voluntary contracts and mutual assistance,

individuals are conscious of their necessities, which means they could possibly foresee the advantages or disadvantages of an action.

Humboldt claimed that “the man whom it has accustomed to lean on an external power for support, is thus given up in critical emergencies to a far more hopeless fate” (Humboldt, 1969, p. 26, 27). Clearly, when the state authority does not intervene in the activities of its citizens, individuals would be forced to rely on their own efforts to achieve their goals. Even without having the state look after their positive welfare, individuals would still face “difficulties and misfortune”; however, they would guide their own lives based upon their own thoughts, beliefs, conscience, and personal efforts. This would allow them to cultivate their intellects, improve their skills, and develop their capabilities on an individual basis, which would contribute to the achievement of diversity. Thus, according to Humboldt, individuals can achieve happiness, as this is the outcome of an individual’s “own energy”, rather than the result of efforts on the part of external authorities (Humboldt, 1969, p. 26).

It is also worth mentioning that Humboldt was very critical of the administrative and bureaucratic aspects of state intervention⁷³. On this matter, he argued that, because the conditions and situations faced by a society are constantly changing, the achievement of the state’s ends requires the existence of “a greater multiplicity of institutions” through the creation of new state departments, such as “boards of trade, finance, and national economy” (Humboldt, 1969, p. 14, 15, 23). However, he also pointed out that when a new state program or service is introduced, its “harmful effect” are not always foreseen in advance; over time, its defects and harmful consequences would become more apparent. In order to improve new programs or services, the state would have to introduce new careers and institutions with new forms of regulations and restrictions. “Everything depends on the most vigilant supervision and careful management...everything passes through as many hands as possible in order to avoid the risk of errors and embezzlement” (Humboldt, 1969, p. 35). That means, in order to supervise “the administration of

⁷³ Humboldt and Hayek both were opposed to a system based on democracy, because they were both very critical of any growth in the administrative and bureaucratic aspects of an interventionist state.

political affairs” of the state, and to achieve new ends, it would be necessary to introduce new careers and hire “an incredible number of persons” (Humboldt, 1969, p. 34). The introduction of new careers and “a greater multiplicity of institutions” would inevitably lead to a rise in the bureaucratic and administrative aspects of state⁷⁴.

Humboldt was of the opinion that while “a greater multiplicity of institutions” is intended to achieve freedom, welfare and happiness, this would, in practice, disregard the individuality, diversity, creative energy and spontaneity of individuals, and end up reducing the freedom of citizens (Humboldt, 1969, p. 34). In fact, he thought that increasing the number of public officials and/or departments of the state would weaken national resources and reduce freedom, as overly bureaucratic organizations completely disregard spontaneous order, as well as individual freedom. On this matter, he also argued that increasing the bureaucratic aspects of the state would “underestimate the dignity of human nature” (Humboldt, 1969, p. 35). In fact, he thought that multiple state institutions originally established to achieve security and welfare often ended up eliminating the incentive for individuals to gather “in order to discipline and develop their powers” and “secure” certain “benefits” (Humboldt, 1969, p. 23). Furthermore, while Humboldt acknowledged that a state role may be necessary in a few specific instances, persistent and pervasive interference on the part of the state is ill-advised on account of the fact that it is not possible to foresee the exact consequences of public services and programs. He also claimed that a greater multiplicity of state institutions causes individuals to become isolated; additionally, “business becomes in time merely mechanical, while the men who are engaged in it relapse into machines, and all genuine worth and honesty decline in proportion as trust and confidence are withdrawn” (Humboldt, 1969, p. 35).

Hayek shared similar views with Humboldt with regards to the subject of state interference. Hayek argued against distributive justice, claiming that it creates dependence on state programs, which causes citizens to lose their freedom. As an alternative, he defended the importance of individual responsibility for the consequences

⁷⁴ Another reason for Humboldt’s criticism of the “multiplicity of institutions” was related to his belief that increasing the number of public officials and/or departments of the state would weaken national resources.

of one's actions. Like Humboldt, Hayek believed that individuals can achieve their goals and ends through their own efforts, rather than relying on the actions of an external authority (Hayek, 1967, p. 173).

3. 4. 2. Humboldt and Hayek on Guaranteed Minimum Income

Humboldt was of the opinion that state interference for the purpose of achieving material benefits for some would “interfere with freedom” and “impede cultural self-development” (Roberts, 2008, p. 17). According to him, this sort of interference represents the search for “uniformity”. More precisely, he thought that any state role designed to achieve material benefit would “resemble the physician who only retards the death of his patient in nourishing the disease” (Roberts, 2008, p. 17). However, despite their opposition to intervention on the part of the state for the purpose of achieving material, intellectual, and physical happiness (or perfection), Humboldt and Hayek supported a state role in the case of people in “absolute necessity”.

Hayek defended “an assured or guaranteed minimum income” in the case of people in “absolute necessity”. He argued that “[t]here is no reason why in a free society government should not assure to all protection against severe deprivation in the form of an assured minimum income, or a floor below which nobody needs to descend” (Hayek, 1976, v. 2, p. 87). He further argued that “[t]he assurance of a certain minimum income for everyone, or a sort of floor below which nobody need fall even when he is unable to provide for himself, appears not only to be a wholly legitimate protection against a risk common to all, but a necessary part of the Great Society in which the individual no longer has specific claims on the members of the particular small group into which he was born” (Hayek, 1979, v. 3, 55).

Hayek believed that “an assured or guaranteed minimum income” for people in cases of “extreme misfortune” who are “unable to earn in the market an adequate maintenance” would be in “the interest of all” (Hayek, 1976, v. 2, p. 87). According to him, a guaranteed minimum income does not “lead to a restriction of freedom, or conflict

with the Rule of Law” (Hayek, 1976, v. 2, p. 87). In fact, Hayek was of the view that it is “unquestionable that in an advanced society government ought to use its power of raising funds by taxation to provide a number of services which for various reasons cannot be provided, or cannot be provided adequately, by the market” (Hayek, 1979, v. 3, 41).

Humboldt explicitly argued against the notion that “the State should compel any one to do anything to gratify the wish or further the interests of another” (Humboldt, 1969, p. 92). At the same time, however, he appears to have supported an idea akin to an “assured minimum income”. While he did not explicitly use terminology such as “an assured or guaranteed minimum income”, he nonetheless discussed the role of the state in “the case of the most absolute necessity” (Humboldt, 1969, p. 28). Basically, he was open to the idea that the state can interfere “in its positive care for the external and physical well-being of the citizens...the case of the most absolute necessity” (Humboldt, 1969, p. 28). However, he did not further explain or develop what he meant by “the case of the most absolute necessity”. One could speculate that he was referring to something along the lines of a “guaranteed minimum income”, which is supposed to provide some support for people in “the most absolute necessity” or severe deprivation.

Thus, it appears that there is similarity between Humboldt and Hayek’s agreements on state interference intended to provide “an assured or guaranteed minimum income” for people in cases of “extreme misfortune” or people in “the case of the most absolute necessity”. Although they employed different vocabularies, one could argue that there is considerable similarity in their respective defences of state interference. For example, despite the fact that both Humboldt and Hayek strongly opposed state interference for the purpose of achieving freedom, they allowed the state to intervene in order to achieve security for society, which will be discussed in the following section.

3. 4. 3. Humboldt and Hayek on the Role of the State and Security

Humboldt and Hayek were not solely concerned with determining the areas where it was necessary to limit state actions in order to provide a wider range of freedoms; they were also concerned with the areas where a state role was required. In other words, Humboldt and Hayek accepted state intervention in order to “pursue no other object than that which they [individuals] cannot procure of themselves, viz. security” (Humboldt, 1969, p. 133). For instance, since individuals cannot provide security through their own efforts, Humboldt and Hayek allowed the state to intervene in this area. More precisely, both thinkers permitted the state to intervene so as to prevent harm coming to others. Humboldt argued that security is “the only true and infallible means to connect, by a strong and enduring bond, things which at first sight appear to be contradictory—the aim of the State as a whole, and the collective aims of all its individual citizens” (Humboldt, 1969, p. 133).

According to Humboldt, security is meant to ensure that all individuals in society live together in “the full enjoyment of their due rights of person and property, they are out of the reach of any external disturbance from the encroachments of others” (Humboldt, 1969, p. 84). He placed a high value on security because of his view that “without security, it is impossible for man either to develop his powers, or to enjoy the fruits of his exertion” (Humboldt, 1969, p. 39). He also believed that “without security, there can be no freedom” (Humboldt, 1969, p. 39). As a result, he defended state interference to protect “citizens from infringements of their liberties by others” (Burrow, 1969, p. LII). Meanwhile, when Hayek defended a state role in terms of guaranteeing security, he had the protection and achievement of individual freedom and individual rights in mind (Hayek, 2007, p. 148).

According to Humboldt, however, ensuring security goes beyond “the enforcement of reparation” when one’s liberty is violated; it also includes “adopting means for preventing such wrongs” (Humboldt, 1969, p. 90). More precisely, “in order to provide for the security of its citizens, the State must prohibit or restrict such actions,

referring immediately to the agents alone, as imply the infringement on others' rights in their consequences, or encroach in these on their freedom or property without or against their will; and further, it must forbid or restrict these actions when the probability of such consequences is fairly to be apprehended, —a probability in which it must necessarily consider the extent of the injury feared, and on the other hand the consequences of the restriction on freedom implied in the law contemplated” (Humboldt, p. 91). Thus, Humboldt concluded that “[b]eyond this, every limitation of personal freedom is to be condemned, as wholly foreign to the sphere of the State’s activity” (Humboldt, p. 91).

Similarly, Hayek argued that, in order to prevent social chaos and coercion while still securing freedom, certain restrictions were necessary to limit people’s actions and forbid certain types of activities through a legal framework. He proposed that the state itself should be the only entity to possess a “monopoly of coercion” to enforce “rules of just conduct” in order to avoid social chaos and prevent the coercion of one individual by another within a free society, which paralleled the opinions of Humboldt.

Furthermore, Humboldt permitted the state to play a role in providing security from “the attacks of foreign enemies as to the danger of internal discord” (Humboldt, p. 39). On this subject, there is not only a conceptual similarity between the views of Hayek and Humboldt, but also a linguistic similarity, as Hayek emphasised the importance of a state role in cases of “danger from foreign enemies (or possibly internal insurrection)” (Hayek, 1979, v. 3, 54). Specifically, Hayek stated that “[w]hen an external enemy threatens, when rebellion or lawless violence has broken out”, state interference is legitimate (Hayek, 1979, v. 3, 124).

Both Humboldt and Hayek allowed a state to exercise coercive powers provided they were used to ensure a wider range of freedom. Simultaneously, however, they constantly emphasised the point that a state’s coercive powers had to be limited via the rule of law. Humboldt sought to limit the “state’s coercive power not only to achieve an “ampler range of freedom for human forces”, but also to attain “a richer diversity of circumstances and situations” (Humboldt, 1969, p.5). Diversity is another important area

where Hayek seemed to share similar opinions with Humboldt; this will be the main point of discussion in the following section.

3. 4. 4. Humboldt and Hayek on Diversity

Humboldt discussed the relationship between diversity, freedom and the role of the state; according to him, freedom is strongly related to diversity. In fact, he held the view that “diversity is a constant result of freedom” (Humboldt, 1969, p. 10). He argued that diversity in terms of human desires, goals, and ends engenders results in “various and inestimable benefits”, which “vary infinitely in interest” (Humboldt, 1969, p. 92). In other words, diversity (or “variety”) is an outcome of “the union of numbers of individuals” who possess different desires, goals, and ends (Humboldt, 1969, p. 18). Indeed, for Humboldt, diversity is “the highest good which social life can confer” (Humboldt, 1969, p. 18). He attempted to demonstrate that diversity (or variety) is not consistent with state authority. That is to say, diversity can merge into “uniformity in proportion to the measure of State interference” (Humboldt, 1969, p. 18).

More precisely, Humboldt argued that increasing state interference in order to achieve positive welfare requires the uniformity of society in terms of behaviour and choice of action on the part of citizens, which represents a danger to the achievement of diversity within society. He went on to claim that state interference designed to achieve positive welfare essentially leads to people beginning to resemble one another and society basically becomes an “...accumulated mass of living and lifeless instruments of action and enjoyment [rather] than a multitude of acting and enjoying powers” (Roberts, 2008, p. 21). In other words, individuals’ “notion of merit and guilt become unsettled”, as they come to believe that it is the state’s responsibility to improve their personal conditions (Humboldt, 1969, p. 20). Therefore, the imposition of policies designed to achieve positive welfare by the state results in the uniformity of behaviour, which endangers the achievement of diversity, as well as the variety of activities among citizens. Humboldt was of the opinion that achieving diversity requires individuals to voluntarily and spontaneously choose the actions that they take in their own “private affairs”, based on

their personal convictions, thoughts and deliberations, rather than obeying the rules and regulations of the state (Humboldt, 1969, p. 122).

Humboldt emphasised the role of history in the achievement of diversity. More precisely, he explained the importance of people's interactions across different periods of human history in the achievement of diversity (Humboldt, 1969, p. 11). He was of the opinion that, through the emergence of new circumstances, people abandoned some of the practices that prevailed in previous generations, while retaining others by "harmoniously combining them" with new practices (Humboldt, 1969, p. 11). The outcome of this method of combining practices is diversity in different areas of life, which is basically the "union of the past and future with the present" (Humboldt, 1969, p. 11).

Much like Humboldt, Hayek also discussed the relationship between diversity, freedom and the role of the state. Hayek was of the opinion that "man's diversification is unparalleled. This occurred because, in the course of natural selection, humans developed a highly efficient organ for learning from their fellows" (Hayek, 1989, v.1, p. 126). He believed that "freedom involves freedom to be different – to have one's own ends in one's own domain" (Hayek, 1989, v.1, p. 79). As for the importance of diversity, Hayek explained that "diversity" provides "new opportunities" in terms of "skills", "information and knowledge, of property and incomes" (Hayek, 1989, v.1, p. 127). However, he made it very clear that the achievement of diversity is not something that can be predicted or designed (Hayek, 1989, v.1, p. 127). In other words, he believed "[t]he knowledge that plays probably the chief role in this differentiation" is not perfect; it is not something that one can use to predict the possibility of diversity transpiring in the future (Hayek, 1989, v.1, p. 80). In fact, similar to Humboldt, he thought that diversity was a result of freedom.

Hayek stated that "[t]he evolution of spontaneous orders such as a free market is the means by which the diversity of adaptation to changing circumstances is made possible" (Hayek, 1989, p. 32). He also explained that "civilization advances by making the fullest use of the infinite variety of the individuals of the human species, apparently

greater than that of any wild animal species, which had generally to adapt to one particular ecological niche. Culture has provided a great variety of cultural niches in which that great diversity of men's innate or acquired gifts can be used" (Hayek, 1979, v. 3, 172, 173). Hayek also claimed that "cultural evolution" is related to diversity, as evidenced when he said "cultural evolution is determined neither genetically nor otherwise, and its results are diversity, not uniformity" (Hayek, 1989, v.1, p. 26). That means "the development of variety is an important part of cultural evolution" (Hayek, 1989, v.1, p. 80).

Hayek seems to have shared the same views as Humboldt with regards to the importance of diversity and the union of diverse and different individuals in terms of their desires, goals, and ends. Hayek explained that "the unique achievement of man, leading to many of his other distinct characteristics, is his differentiation and diversity" (Hayek, 1989, v.1, p. 126). He also stressed that "individuals had to become different before they could be free to combine into complex structures of cooperation" (Hayek, 1989, v.1, p. 80). Hayek was convinced that even though men are diversified in an "unparalleled" way, they learn from "their fellows" (Hayek, 1989, v.1, p. 126). Furthermore, he argued that the diversity of individuals, in terms of desires, goals, and ends, has a number of benefits associated with it, such as cultural evolution and free market order. Humboldt also maintained that such diversity holds "various and inestimable benefits" without being as specific as Hayek (Humboldt, 1969, p. 92). Additionally, both of them highlighted the role that diversity plays in the case of cooperation and mutually learning from one another.

Like Humboldt, Hayek explained importance of diversity by comparing it to uniformity and control by external forces. In doing so, Hayek explained that the "diversity of individuals purposes leads to a greater power to satisfy needs generally than does homogeneity, unanimity and control" (Hayek, 1989, v.1, p. 95). He thought that this was on account of the fact "diversity enables men to master and dispose of more information" (Hayek, 1989, v.1, p. 95). To demonstrate the benefits of diversity, Hayek tried to explain what would happen in the event that the uniformity of values and ends actually materialized. For example, he claimed that, in the marketplace, "if...all men

were alike and could not make themselves different from one another, there would be little point in division of labour (except perhaps among people in different localities), little advantage from coordinating efforts, and little prospect of creating order of any power or magnitude” (Hayek, 1989, v.1, p. 80).

Hayek’s opinions on the relationship between diversity, freedom and the role of the state went beyond being similar to those of Humboldt; in fact, when Hayek was discussing the importance of diversity in *The Fatal Conceit* (1989), he made it clear that he was familiar with Humboldt’s views on the topic. Additionally, Hayek was also conscious of the fact that Mill discussed Humboldt’s view on the diversity in *On Liberty*. Specifically, Hayek stated that “Civilisation is, in the famous phrase of Wilhelm von Humboldt which Stuart Mill placed on the title page of his essay *On Liberty*, based on ‘human development in its richest diversity’” (Hayek, 1989, v.1, p. 80). Furthermore, Hayek’s familiarity with Humboldt’s views on diversity are also apparent in the concluding sentence of *The Constitution of Liberty*: “we cannot think of better words to conclude that those of Wilhelm von Humboldt which a hundred years ago John Stuart Mill put in front of his essay *On Liberty*: “The grand, leading principle, towards which every argument hitherto unfolded in these pages directly converges, is the absolute and essential importance of human development in its richest diversity” (Hayek, 2011, p. 515, 516).

3. 4. 5. Humboldt and Hayek on Education

Education⁷⁵ was one of the key concepts in Humboldt’s political philosophy. He placed a high value on the study of the arts, culture, and the perfection of human nature, as was the case in ancient Greece. For Humboldt, the Greeks represented “the unique example combining sensibility and energy in a way that made them sensitive to everything beautiful in nature and art” (Roberts, 2008, p. 36). In fact, he was of the opinion that education about “art, history and politics” in ancient Greece, led to the

⁷⁵ It is possible to interpret Humboldt’s opinion vis-à-vis education as being “ambiguous and contradictory” (Burrow, 1969, p. XXXIV). Also, as Burrow explained, Humboldt had inconsistent “attitudes to State education at different times in his career” (Burrow, 1969, p. XXXIV).

Greeks representing “human perfection” and “the noblest aim toward which mankind might aspire” (Roberts, 2008, p. 36). However, despite his admiration for the ancient Greeks’ devotion to “the harmonious development of the individual man, as man”, and moral and virtuous actions, as well as their commitment to studying different subjects and disciplines, Humboldt was strongly opposed to the way in which the Greeks achieved the highest self-development. To be more precise, he was not passionate about their implementation of deliberately established communal education for all (Humboldt, 1969, p. 12, 13).

Humboldt was aware that the early education of children is important, not only for the development of skills and intellectual and moral capabilities, but also to multiply “the opportunities” that are necessary for “human development in its richest diversity”. He believed that when the state provides a “national system of education...it can operate positively on the early training and culture of the young” (Humboldt, 1969, p. 25). However, he supported a national system of education only in cases where the state intends “to prevent the possibility of children remaining uninstructed” (Humboldt, 1969, p. 53).

Humboldt was nonetheless very concerned that “national education” would often engender a “corresponding uniformity of result” (Humboldt, 1969, p. 50). More precisely, he was worried that a system of public education would “promote a defined form of [human] development” and “a balance”, instead of “human development in its richest diversity” (Humboldt, 1969, p. 51). He thought that such a balance or stability, as desired by the state, would eventually lead to “sterility or lack of energy” (Humboldt, 1969, p. 52). Furthermore, he explained that publicly funded education systems would not promote or stimulate the development of “any particular virtue or disposition”, nor would they promote the modification of our sensibilities (Humboldt, 1969, p. 52). Rather, they would transform the diversity of individuals in terms of moral values and physical and intellectual skills and capacities into identical machines (Leroux, 1932, p. 282).

Based on these concerns, Humboldt viewed the public education system as an obstacle to the achievement of “human development in its richest diversity”, leading him to conclude that “if there is one thing more than another which absolutely requires free activity on the part of the individual, it is precisely education, whose object it is to develop the individual” (Humboldt, 1969, p. 48, 51). As an alternative to public education, Humboldt advocated for a pluralistic and private education system that is universally accessible. He was of the opinion that such a system of education would encourage “the pursuit of particular objects”, produce diversity, and establish “an equilibrium more surely without sacrifice of energy” (Humboldt, 1969, p. 52).

Hayek opposed a publicly funded system of education because he was concerned about the effects of central planning on the direction of the curriculum (Hayek, 2011, p. 502, 503). He argued that a publicly funded education system would provide the state with the means to control and shape the minds of individuals. Thus, he believed that a state funded system of education would represent a danger to the achievement of freedom on the basis that it would grant the state the ability to “prescribe some of the content of this education” (Hayek, 2011, p. 502). On this subject, Hayek stated that: “In the field of education perhaps more than in any other, the greatest dangers to freedom are likely to come from the development of psychological techniques, which may soon give us far greater power than we ever had to shape men’s minds deliberately” (Hayek, 2011, p. 503). That is to say, Hayek was concerned that a publicly funded education system, where “the contents of education” is managed by the state, would inhibit the free development of individuals’ minds and obstruct diversity.

Hayek and Humboldt advocated for a pluralistic and private education system. They rejected the indoctrination of a common or single set of values through the education system, as this would constitute a threat to diversity and freedom. Specifically, Hayek was of the opinion that “no single authority should have the monopoly of judging how valuable a particular kind of education is and how much should be invested in more education or in which of the different kinds of education” (Hayek, 2011, p. 507). With regards to education, Hayek further argued that “[t]here is not – and cannot be in a free

society – a single standard by which we can decide on the relative importance of different aims or the relative desirability of different methods” (Hayek, 2011, p. 507).

Hayek held a number of views concerning the relationship between education, freedom and the role of the state that were similar to those of Humboldt. In fact, there is no doubt that Hayek was familiar with Humboldt’s views on education as evidenced by the following quote from *The Constitution of Liberty*: “It is a curious fact that one of the first effective systems under which compulsory education was combined with provision of most educational institutions by the government was created by one of the great advocates of individual freedom, Wilhelm von Humboldt, only fifteen years after he had argued that public education was harmful because it prevented variety in accomplishments and unnecessary because in a free nation there would be no lack of educational institutions. “Education,” he had said, “seems to me to lie wholly beyond the limits within which political agency should be properly confined.”” (Hayek, 2011, p. 501). In other words, Hayek not only knew Humboldt’s views on the education system and the role of the state as explained in *The Limits of State Action*, but he was also aware of Humboldt’s later views on these topics. In fact, Hayek even tried to explain why Humboldt changed his earlier views on education, opining that “it was the plight of Prussia during the Napoleonic wars and the needs of national defense that made him [Humboldt] abandon his earlier position” (Hayek, 2011, p. 501). Hayek continued that “[t]he desire for “the development of the individual personalities in their greatest variety” which had inspired his [Humboldt’s] earlier work become secondary when desire for a strong organization state led him to devote much of his later life to the building of a system of state education that became a model for the rest of the world” (Hayek, 2011, p. 501).

Although Hayek strongly opposed Humboldt’s later views on state funded education, he concurred with the opinions that Humboldt expressed on this topic in his earlier works, particularly in *The Limits of State Action* where he defended a national system of education only in instances where the state intends “to prevent the possibility of children remaining uninstructed” (Humboldt, 1969, p. 53). Similarly, Hayek rejected

the provision of public financing for education, except in cases where some people may not have the ability to pay for this essential service on their own. Under any other circumstances, Humboldt and Hayek rejected state interference intent on providing public education, because they felt that a system of public education engendered uniformity in the characters, thoughts, skills, practices, views, and actions of individuals. Hayek would most certainly concur with Humboldt when he said, “national education...lie wholly beyond the limits within which political agency should properly be confined” (Humboldt, 1969, p. 52).

3. 4. 6. Religion and Moral Values

According to Humboldt, moral perfection is a key component for the achievement of the highest self-development. While he recognized that religion can play an important role in the formation of moral values, he also maintained that moral values are not necessarily derived from religion. He was of the opinion that moral development and “the cultivation of character” not only require freedom, but also that “*the State must wholly refrain from every attempt to operate directly or indirectly on the morals and character of the nation*” (Humboldt, 1969, p. 81). That means he rejected any form of state intervention in shaping or promoting certain religious beliefs and moral values⁷⁶. In fact, he was of the opinion that religion and moral values, similar to education, lie outside of the limits of the state’s legitimate activity.

Humboldt argued that religious beliefs and moral values are rooted “in the domain of the spirit” and related to spiritual perfection. They constitute parts of “the inner life of the soul” and internal convictions. As a result, they are subjective matters and depend upon “individual disposition”; they are associated with virtues, sensations, and aesthetics, which cannot be “produced by external and artificial contrivances”. Furthermore, Humboldt explained that moral values are “rooted in human spontaneity”, meaning that an external authority, such as the state, cannot determine or foresee which moral values are most valuable or important.

⁷⁶ “Humboldt denies that religion is the necessary foundation of morality” (Roberts, 2008, p. 3).

Humboldt further argued that state intervention designed to impose specific religious beliefs and moral values on its citizens represents a danger for the free development of the souls and capacities of individuals (Humboldt, 1969, p. 64). He also claimed that such state interventions in these areas would end up producing insincere and false convictions. In other words, any attempts by the state to influence the religious beliefs and moral values of individuals by introducing laws designed to alter people's behaviours would result in a situation where people would be insincere, possess "less harmony", and be more likely to violate the rules and laws of the state, which means they would inevitably infringe upon the rights of others (Humboldt, 1969, p. 70). Thus, he reached the conclusion that any involvement in the area of moral values on the part of the state or its institutions would fail to establish "a nation of free and independent men" (Humboldt, 1969, p. 79).

Humboldt explained that the imposition of religious beliefs and moral values on the part of the state does not contribute to a better understanding of an individual's own character, because "[t]rue virtue is only possible when each individual is free to pursue his own individual aesthetic development" (Roberts, 2008, p. 5). He claimed that when an individual is left alone in "matters of religion", he will "mingle religious feelings with his inner life, or not, according to his individual character; but, in either case, his system of ideas will be more consistent, and his sensations more profound; his nature will be more coherent, and he will distinguish more clearly between morality and submission to the laws" (Humboldt, 1969, p. 69). Conversely, when external forces impose regulations, an individual will "have less consistency in his ideas, less depth and sincerity of feeling, less harmony of character, and so will have less regard for morality, and wish more frequently to evade the laws" (Humboldt, 1969, p. 69).

Humboldt also argued that even if the moral laws and rules imposed by state interference produced a "tranquil, peaceable" and "prosperous" situation within the society, he would have opposed them nonetheless. This is because he believed that, in spite their positive outcomes, those laws and rules imposed by the state would create a

situation where the nation is formed by a “multitude of well-cared...slaves, rather than a nation of free and independent men, with no restraint” (Humboldt, 1969, p. 79). That means state interference that imposes certain types of moral laws and rules does not lead to “moral perfection” within the nation.

Humboldt rejected any state role in reforming the morals of the nation, arguing that “if there is one aspect of development more than any other which owes its highest beauty to freedom, this is precisely the culture of character and morals” (Humboldt, 1969, p. 81, 83). He believed that “the State must wholly refrain from every attempt to operate directly or indirectly on the morals and character of the nation, otherwise than as such a policy may become inevitable as a natural consequence of its other absolutely necessary measures; and that everything calculated to promote such a design, and particularly all special supervision of education, religion, sumptuary laws, etc., lies wholly outside the limits of its legitimate activity” (Humboldt, p. 81). Thus, Humboldt reached the conclusion that there is only one role that state authority should play concerning religious beliefs and moral perfection, and that is “removing obstacles that prevent the citizen from becoming aware of religious ideas”, and “promoting a spirit of free inquiry” (Humboldt, 1969, p. 63, 64). It would ensue that, since the state is not able to “produce true virtue”, and moral values and religion lie beyond “the sphere of the State’s activity”, issues like religious beliefs and practices should be left entirely “to the free judgements of the communities concerned, without any special supervision on the part of the State” (Humboldt, 1969, p. 70).

Despite the fact that Humboldt devoted a significant amount of discussion to the topic of moral values in his political philosophy, Hayek did not really attribute significant importance to the subject. Like Humboldt, he was of the opinion that moral values and religious beliefs are individual matters that lie beyond the sphere of the state. He also made the point that the development of moral values is related to spontaneous forces rather than rational deliberative design. More precisely, he believed that “[w]e do not owe our morals to our intelligence: we owe them to the fact that some groups uncomprehendingly accepted certain rules of conduct” (Hayek, 1983, p. 47).

Hayek opposed the imposition of moral values in society by state intervention. For example, he explained that imposing the moral values of a particular group over the entire society, as in the case of socialist systems, would “lead to the degeneration and destruction of all morals” (Hayek, 1979, v. 3, p. 171). He defended the view that “[a]ll morals rest on the different esteem in which different persons are held by their fellows according to their conforming to accepted moral standards” (Hayek, 1979, v. 3, p. 171). Hayek was also of the opinion that “changes in morals...[were] a necessary condition” of free societies (Hayek, 1979, v. 3, p. 167). Even though, Hayek did not extensively discuss the relationship between moral values, religion, the role of the state, and freedom, he shared some similar views with Humboldt on the topic.

3.4.7. Concluding Remarks on Humboldt and Hayek on the Role of the State

Hayek and Humboldt shared very similar ideas with regards to the negative outcomes associated with state interference. Although both of them were highly critical of different types of state interference in a society, they were not advocating for the complete absence of any state role. For instance, they both allowed for the state to play an important role in guaranteeing security against both “internal dissensions” and foreign enemies, particularly in the case of war. They also supported the view that ensuring security is “the true and proper concern of the state”. Humboldt argued that “without security, there is no freedom”, and he further explained that without a state role, “the individual cannot obtain [security] for himself by his own unaided efforts” (Humboldt, 1969, p. 39). More precisely, he stated that: “*in order to provide for the security of its citizens, the State must prohibit or restrict such actions, relating directly to the agents only, as imply in their consequences the infringement on others’ rights, or encroach on their freedom or property without their consent or against their will; and further, it must forbid or restrict these actions when the probability of such consequences is feared—a probability in which it must necessarily consider the extent of the injury feared, and on the other hand the consequences of the restriction on freedom implied in the law*

contemplated. Beyond this, every limitation of personal freedom lies outside the limits of the State action” (Humboldt, 1969, p. 91).

In addition to providing security, Hayek also thought that the state should play a major role in cases of natural catastrophic events, and in facilitating voluntary interaction and relationships. However, Humboldt associated such forms of state intervention with interfering in the “positive welfare” of citizens. Thus, he reached the conclusion that state roles “designed to preserve or augment the physical welfare of the nation...are positively hurtful and wholly irreconcilable with a true system of polity” (Roberts, 2008, p. 17). At the same time, however, it seems that he was not opposed to an “assured minimum income”, as he discussed an active role for the state in “the case of the most absolute necessity” (Humboldt, 1969, p. 28). Hayek expressed support for “an assured or guaranteed minimum income” for people in cases of “extreme misfortune”.

While Humboldt and Hayek were both conscious of the fact that it is difficult to determine the exact limits of state action, they did believe that state interference should not go beyond ensuring individual freedom and providing and sustaining a legal framework so as to guarantee security. Specifically, Humboldt believed that the state needs to “abstain from all solicitude for the positive welfare of the citizens, and not to proceed a step further than is necessary for their mutual security and protection against foreign enemies; for with no other object should it impose restrictions on freedom” (Humboldt, 1969, p. 37). He went on to note that “the State only occupies the place of a spectator, and the removal of restrictions on freedom” (Humboldt, 1969, p. 145).

Humboldt and Hayek’s strong opposition to state interference led them to conclude that the most beneficial outcomes are achieved when individuals voluntarily and spontaneously choose their actions without state enforcement or involvement. However, Humboldt also maintained that limiting state action, on its own, is not a sufficient condition for the achievement of freedom; this also requires that individuals develop a sense of public responsibility. If people fail to be responsible for the consequences of their own actions, then the state will need to use its power to limit the

actions of individuals through laws and rules. Thus, despite criticizing different types of state interference in a society, both Humboldt and Hayek believed that individuals alone cannot ensure their security without a functioning legal system. Furthermore, they believed that a state role in ensuring the security of its citizens via a legal system does not conflict with liberal values, as the provision of security does not require the promotion of positive welfare, certain morals and characteristics within citizens, or social services like education and health care. The following section will discuss the views that Hayek and Humboldt expressed in their respective political philosophies with respect to the issue of a legal framework.

3. 5. The Legal Framework

Humboldt argued that, without security, it is impossible for human beings to uphold their rights, cultivate their intellects, improve their skills, and develop their capabilities on an individual basis. As a result, he highly valued the rule of law. According to Humboldt, in order to connect “the governing and governed classes of the nation together”, a legal framework is necessary “to secure the former in the possession of the power confided to them, and the latter in the enjoyment of what freedom remains after this necessary deduction” (Humboldt, 1969, p. 135). In fact, he regarded the state as the only entity that could provide security against “internal dissensions”, so as to ensure that citizens can live together in “the full enjoyment of their due rights of person and property” and “out of the reach of any external disturbance from the encroachments of others” (Humboldt, 1969, p. 84). Furthermore, Humboldt was of the opinion that “[t]he State must inflict punishment on every action which infringes on the rights of the citizens, and (in so far as its legislation is guided by this principle alone) every action in which the transgression of one of its laws is implied” (Humboldt, 1969, p. 125).

According to Humboldt, security is not violated “by all such actions as impede a man in the free exercise of his powers, and in the full enjoyment of all that belongs to him, but only by those which do this unrightfully” (Humboldt, 1969, p. 84). Thus, he argued that if the activities of one individual harm or violate the rights of others and their

property, then the state has the legitimate authority to eliminate or restrict those activities. As such, he proposed a form of state that would take measures to ensure the security of its citizens through a police system, as well as “civil and criminal laws”. Even though Humboldt attributed an important role to the state in terms of ensuring the security of its citizens, on many occasions he stressed that “the state should not extend the limits of its concern” any further than guaranteeing security against “internal dissensions” and foreign enemies (Humboldt, 1969, p. 43).

Hayek shared similar views with Humboldt concerning the importance of a legal framework in ensuring security and freedom. Specifically, he claimed that a legal framework essentially draws the boundaries of freedom. However, based on “most of the reviews of *The Constitution of Liberty*”, it appears that Hayek’s opinions on this subject were regarded as making “too much of the rule of law as a guardian of personal freedom” (Hayek, 2011, p. 12). Regardless reviews of *The Constitution of Liberty*, Humboldt concurred with Hayek’s view that a legal framework limits individual freedom, as he argued that “such limits...[are]...most conducive and necessary to man’s highest interests” (Humboldt, 1969, p. 136).

Hayek and Humboldt also shared similar views with regards to the relationship between a legal framework, freedom and the role of the state. Hayek maintained that a legal framework protects individuals “by impersonal abstract rules against arbitrary violence of others and enables each individual to try to build for himself a protected domain with which nobody else is allowed to interfere and within which he can use his own knowledge for his own purposes” (Hayek, 1979, v. 3, 163). In other words, “[t]he conception of freedom under the law ... rests on the contention that when we obey laws, in the sense of general abstract rules laid down irrespective of their application to us, we are not subject to another man’s will and are therefore free” (Hayek, 2011, p. 12).

Even though Hayek’s opinion that “[w]e owe our freedom to restraints of freedom” was shared by Humboldt (Hayek, 1979, v. 3, 163), both of them were simultaneously preoccupied with the question of “how to secure the greatest possible

freedom for all” (Hayek, 1989, v.1, p. 63). Hayek thought that freedom “can be secured by uniformly restricting the freedom of all by abstract rules that preclude arbitrary or discriminatory coercion by or of other people, that prevent any from invading the free sphere of any other” (Hayek, 1989, v.1, p. 63).

Humboldt proposed that any system of security applied by the state should include “police laws”, as well as “civil and criminal laws”, all of which should be preventive in nature and associated with “civil relations” (Humboldt, 1969, p. 86). Those laws are predetermined and foreseeable, and they restrain the actions of individuals. Furthermore, those restraints need to be equally applied to and respected by everyone without exception in order to effectively protect property rights, individual rights, and freedoms. According to Humboldt, individuals will progressively learn to exercise self-restraint over their actions by respecting the rule of law, which is not equivalent to following the commands or orders of a coercer. In other words, the imposition of restraints does not mean that laws⁷⁷ dictate how individuals should live their lives rather, laws provide a framework for the achievement of freedom. They are needed to regulate the activities of individuals so as to ensure that the rights of others are respected (Humboldt, 1969, p. 85). Basically, police laws “restrict actions whose immediate consequences are likely to endanger the rights of others; or they impose limitations on those which usually lead ultimately to transgressions of the law; or lastly, they may specify what is necessary for the preservation or exercise of the power of the State itself” (Humboldt, 1969, p. 86). In other words, according to Humboldt, the state has to enact laws that punish those citizens whose actions infringe upon the rights, freedoms and possessions of others. Therefore, when police laws are established, individuals are able to achieve their highest self-development and live their private lives by acting in accordance with the rules and laws, as well as their own values, convictions, and beliefs.

When Humboldt proposed criminal laws in order to secure the freedom and rights of individuals, he thought that criminals had to be punished according to the severity of their crimes. More precisely, he was of the opinion that “mild punishments” based on

⁷⁷ Humboldt and Hayek also stressed that laws cannot aim to achieve a concrete result or a particular end.

criminal laws have the potential to guide individuals “away from crime” (Humboldt, 1969, p. 108). However, while he believed that those “mild punishments”⁷⁸ would be sufficient to produce greater freedom, well-being and harmony for society as a whole, he also maintained that, when necessary, “the most severe punishments...should be applied to those crimes which really infringe the rights of others” (Humboldt, 1969, p. 112). Nonetheless, Humboldt emphasized that even “the most severe punishments” have to be the “mildest possible” (Humboldt, 1969, p. 120). Furthermore, he argued that crimes committed against “the rights of the State itself must be met with the severest punishment”, because instances where an individual does not respect “the rights of the State, shows that he does not respect those of his fellow-citizens, whose security depends upon the former” (Humboldt, 1969, p. 112). Thus, Humboldt reached the conclusion that, through different forms of punishments related to the severity of crimes, as well as preventive measures intended to discourage crimes, “harmony preserved between man’s internal moral development and the success of political arrangements” (Humboldt, 1969, p. 111).

Humboldt and Hayek argued that, in order to maintain social order through the prevention of coercive acts, it was necessary for the state to possess minimum coercive power so as to provide a system of security, including laws⁷⁹ (“civil and criminal laws”) and a police force, designed to prevent crimes, protect individual and property rights, and uphold freedom. However, Humboldt and Hayek emphasised that the state itself should be the only entity to possess a “monopoly of coercion” in order to avoid the coercion of one individual by another. More precisely, Humboldt said, “[w]hoever is responsible for security must possess absolute power [or the monopoly of coercion]” (Humboldt, 1969, p. 36).

Humboldt and Hayek both recognized that, while state power for the purpose of maintaining the legal framework may be “acceptable”, it is “not necessarily desirable”;

⁷⁸ Humboldt excluded “one kind of punishment”, which is “the loss of honour, infamy”, as, according to him, “man’s honour...lies wholly outside the power of the state” (Humboldt, 1969, p. 109).

⁷⁹ Humboldt emphasized that laws are inherited, in that they are passed on from one generation to the next in order to secure rights and freedoms for individuals.

this is because it creates an opportunity for the state to “abuse” its power and authority in the name of “the protection of rights” and freedom. In order to secure freedom from government infringement and to ensure that the state does not “abuse” its power and authority, Humboldt and Hayek thought that state coercive powers needed to be limited through the establishment and application of predetermined and foreseeable rules and laws. Hayek stressed that “the rule of law means that government must never coerce an individual except in the enforcement of a known rule” (Hayek, 2011, p. 309, 310). He also emphasized that “the rule of law restricts government only in its coercive activities” (Hayek, 2011, p. 311, 312). Humboldt concurred with Hayek on these points, as demonstrated by his statement that “the State must naturally attempt to limit its activity to what pure theory [the sphere which abstract theory] prescribes” (Humboldt, p. 136). In other words, the legal framework provides “an accurate definition of limits” of a state’s activity (Humboldt, 1969, p. 132).

Hayek maintained that “within a spontaneous order the use of coercion can be justified only where this is necessary to secure the private domain of the individual against interference by others, but that coercion should not be used to interfere in that private sphere where this is not necessary to protect others” (Hayek, 1976, v. 2, p. 57). This means that he allowed for a “monopoly of coercion” by the state to “prevent coercion by private persons” through “the enforcement of recognized general rules of just conduct” (Hayek, 1979, v. 3, p. 34, Hayek, 2011, p. 72). This is made possible by “the state’s protecting known private spheres of the individuals against interference by others and delimiting these private spheres, not by specific assignation, but by creating conditions under which the individual can determine his own sphere by relying on rules which tell him what the government will do in different types of situations” (Hayek, 2011, p. 72). However, Hayek made it clear that “the coercive functions of government are strictly limited to the enforcement of uniform rules of law, meaning uniform rules of just conduct towards one’s fellows” (Hayek, 1967, p. 165).

Both Hayek and Humboldt agreed that liberty and state authority conflict with one another. They frequently argued that state interference represents coercion, which harms

the freedom and free development of individuals. However, neither Humboldt nor Hayek considered a state role over the legal framework to be a threat to the achievement of freedom; to the contrary, they both viewed the state as a protector of freedom and a defender of the rights of all citizens, as it basically prevents the coercion of people by other individuals. Although Hayek and Humboldt regarded any increase in state interference as a decline in freedom, they nonetheless defended the idea that security should be provided by state powers, as they both believed that individuals, on their own, are incapable of ensuring their own security and freedom and possess the potential to commit crimes and threaten each other's security, rights and freedoms.

Hayek and Humboldt justified state coercive power at a minimal level only in cases involving the security of freedom and protecting the rights of others; "beyond this, every limitation of personal freedom is to be condemned, as wholly foreign to the sphere of the State's activity" (Humboldt, 1969, p. 90). However, they were of the opinion that, while the state should be granted coercive power at the minimal level required to secure freedom, some limitations need to be placed on this power via foreseeable and known rules, so that the state does not abuse its authority by extending its role within society beyond the maintenance of security and freedom.

3. 5. 1. Features of the Rule of Law for Humboldt and Hayek

In addition to the relationship between the legal framework, freedom and the state, Humboldt and Hayek also shared similar views about the development of laws. To be more precise, they thought that laws were not products of deliberate invention or design, but that they developed over the course of human history under the influence of spontaneous forces, the emergence of new circumstances, and accidental events, which have the potential to change individual traditions, habits, codes of conduct, and values, all of which play an important role in the evolution of law. Hayek argued that "[they] have grown through a gradual process of trial and error in which the experience of successive generations has helped to make them what they are" (Hayek, 2011, p. 225). According to

Hayek, the rule of law is the outcome of progress in human thinking, habits, customs and behaviours that transpired over the course of human history.

Humboldt and Hayek believed that laws have four main features; they are general (or abstract), negative, predictable, and evolutionary. With regards to their abstract nature, Humboldt was of the opinion that “laws...must be...simple and general in their nature” (Humboldt, p. 63). Similarly, Hayek maintained that laws are “general rule[s] that everybody obey” (Hayek, 2011, p. 217). In other words, laws do not discriminate between different individuals (Hayek, 2011, p. 317). More precisely, Hayek was of the opinion that laws are “abstracted from all particular circumstances of time and place”; they do not refer to a particular case, person, outcome or interest (Hayek, 1960, p. 210). That basically means laws are not formulated “with particular cases in mind” (Hayek, 2011, p. 319). Hayek also stated that, “when we obey laws, in the sense of general abstract rules laid down irrespective of their application to us, we are not subject to another man’s will and are therefore free. It is because the lawgiver does not know the particular cases to which his rules will apply” (Hayek, 2011, p. 221). On another occasion, Hayek explained that “the term abstract is expressed in a classical juridical formula that states that the rule must apply to an unknown number of future instances” (Hayek, 1976, v. 2, p. 35).

The second feature of laws relates to their evolutionary character. According Humboldt and Hayek, laws are built up gradually and develop over the course of human history. Hayek recognized the important role that Humboldt played in “the development of evolutionary approach to social phenomena” (Hayek, 2013, p. 22). Both Humboldt and Hayek concurred that laws are not the outcome of anyone’s designs; rather, they are the result of human interactions over the course of human history. Humboldt explained that laws are inherited from one generation to another “from century to century” (Humboldt, 1969, p. 98). Furthermore, according to Hayek, human interactions throughout history played a major role in the evolution of the rule of law (Hayek, 2011, p. 16). He emphasised the point that laws are not outcomes of deliberate design. Instead, he believed

that are the result of “a gradual process of trial and error in which the experience of successive generations has helped to make them what they are” (Hayek, 2011, p. 225).

The third feature of laws is predictability, which basically demonstrates that Hayek and Humboldt believed that laws were known and foreseeable. That means individuals can anticipate what to expect from the rules and laws. According to Hayek, the most important aspect of this feature of the law relates to the fact that “the decisions of the courts can be predicted” in cases where one’s protected private sphere was violated by other (Hayek, 2011, p. 316). That means, “under the rule of law, government can infringe a person’s protected private sphere only as punishment for breaking an announced [known] general rule” (Hayek, 2011, p. 312). Humboldt also stressed the point that laws are basically “averting [or preventing] violations of the rights of others” (Humboldt, 1969, p. 86). They restrict “actions whose immediate consequences are calculated to endanger the rights of others; or they impose limitations on those which usually end in transgressions of law” (Humboldt, 1969, p. 86). Therefore, much like Hayek, Humboldt maintained that laws are predictable and known.

The fourth important feature of laws, according to Humboldt and Hayek, is negativity. The negativity of law means that laws do not impose positive duties on individuals. On this subject, Humboldt often argued against the prescription of “any positive ends” or commands for citizens (Humboldt, 1969, p. 79). More specifically, he argued that laws should not impose any positive duties such as compelling “any one to do anything to gratify the wish or further the interest of another” (Humboldt, 1969, p. 92). Similarly, Hayek maintained that laws are of a “negative character”; they are not “positive prescriptions” of “a range of [individual] actions” (Hayek, 2011, p. 220). He explained that “practically all rules of just conduct are negative in the sense that they normally impose no positive duties on any one” (Hayek, 1976, v. 2, p. 36). According to him, “[t]he rules merely provide the framework within which the individual must move but within which the decisions are his” (Hayek, 2011, p. 220). Hayek made it very clear that “laws determine only part of the conditions that the actions of the individual will

have to satisfy, and apply to unknown people whenever certain conditions are present, irrespective of most of the facts of the particular situation” (Hayek, 2011, p. 220).

For Hayek, “[t]he chief safeguard is that the rules must apply to those who lay them down and those who apply them” (Hayek, 2011, p. 223). That means rules are applied to both “the government” and “the governed” without exception (Hayek, 2011, p. 223). According to Humboldt and Hayek, individuals are free within the rule of law, because their actions are not determined by the prescription of positive rules and duties via a commander; instead, their actions are subject to general, abstract, predictable and negative laws. However, they both also underlined the importance of state interference in the case of the “violation of its own rights, or those of its citizens” (Humboldt, 1969, p. 86).

3. 6. Historicism

Another important similarity between the political philosophies of Humboldt and Hayek pertains to their views on the idea that general rules and laws can explain the progress and evolution of a society. Hayek labelled this approach, which aims to find general rules and laws of development, as historicism (Hayek, 1964, p. 76). According to him, historicists believed that the same circumstances and situations prevail across history, culture and space.

Hayek was of the opinion that historicism applies the methods of natural science to the social sciences to reveal general laws, rules and patterns in order to “establish necessary successions of definite “stages” or “phases”, “systems” or “styles”, following each other in historical development” (Hayek, 1964, p. 73). He claimed that, by promoting the existence of general laws, rules and patterns in the social sciences, historicist philosophers were able to argue that these general laws, rules and patterns actually play a major role in social evolution on account of the credibility associated with the natural sciences. He further argued that historicist theorists generalize social

phenomena to explain “human progress” and historical developments, while ignoring their complexities.

Hayek was also of the opinion that defenders of the historicist approach believed that once the general laws and rules of history, which explain the superiority of one time period relative to another, are uncovered, it is possible to achieve a higher phase of evolution through conscious and rational planning. In other words, he explained that, according to historicist philosophers, “social institutions”, evolution, and the progress and achievements of society were not outcomes of “the view and ideas we have inherited”; instead, they are the results of intervention on the part of human intelligence intended to deliberately and rationally design the institutions, values, and practices of society (Hayek, 1960, p. 236). More precisely, the goal of uncovering general rules and laws of development is to achieve a higher phase of human evolution and progress via conscious and rational planning, which Hayek was strongly opposed to under any circumstances. He argued that people who believe that they can master and predict a higher phase of human evolution and progress are not only mistaken, but they also lead humanity to “totalitarianism”, as well as “the destruction of our civilization and a certain way to block future progress” (Hayek, 2007, p. 212).

In his early writings, Humboldt shared Hayek’s view that conscious and rational planning could be achieved based on general rules and laws of development. To be more precise, Humboldt did not believe in conscious and rational planning; to the contrary, he emphasised the point that people’s decisions and actions are often shaped by chance, hazard, habit, and unexpected circumstances and events, rather than via purely rational general principles. Furthermore, he argued that rational conscious prediction and planning would require the state authority to intervene on multiple occasions in order to achieve evolution and progress in society. For Humboldt and Hayek, these multiple interventions would represent a hindrance to man’s complete development, suppress freedom, and restrain all of the benefits associated with spontaneous forces. Humboldt maintained that unknown and accidental events had the potential to offset “the formulation of purely rational general principles” (Roberts, 2008, p. 8). Hayek held a

similar view and, as a result, they both rejected the application of “rational laws” and “abstractly conceived [utopian] plans”, both of which undermine spontaneous individual change. Therefore, they reached the conclusion that history can not be explained by reason.

Humboldt further explained that human nature and behaviour had a “multiple aspect”, which is not subject to rational calculations or predictions. He argued that any deliberations, rational calculations or predictions pertaining to the future outcomes of specific actions are inevitably inaccurate and in conflict with multiple aspects of human nature. Therefore, Humboldt believed that progress and evolution were not outcomes of deliberation, rational calculations or predictions⁸⁰; instead, he thought that they were the results of “mankind” exploring “first one range of human potentialities and then another” (Burrow, 1969, p. XXXII). Hayek shared a similar view with Humboldt about rational predictions and calculations, in that they regarded them as fallible because any deliberations, calculations or predictions about the future outcomes of specific actions are inevitably inaccurate. In fact, both of them believed that it is impossible to rationally predict the course of history.

Humboldt was opposed to utilizing general rules and laws of development to “direct and control the social and political world” or “to change the course of history” (Beiser, 2011, p. 181). However, that is not to say that Humboldt completely rejected the existence of general laws of history (Beiser, 2011, p. 174). For him, “[t]hese laws concern the development of specific human powers, how they rise and fall, or how they are promoted or hindered under certain conditions” (Beiser, 2011, p. 173). Those laws are not progressive, nor are they “chronological”, meaning that they do not move from one situation to another.

Based on Hayek’s interpretation of the historicism, one would assume that Humboldt’s opposition to the general rules, laws and principles of development would

⁸⁰ Humboldt was opposed to rational calculations or predictions, especially the type advocated by Wolff, which treats human beings as components of a mathematic equation and views human feelings and emotions as inferior to rationalism and logical abstraction (Leroux, 1932, p. 211). To the contrary, Humboldt believed that rational predictions and calculations are not drawn from “the nature of man”; thus, he did not trust the predictive capacity of such rational calculations.

make him an opponent of this approach. However, there was an issue pertaining to the way in which Hayek and Humboldt understood the meaning of the term historicism. To be more precise, the term historicism did not have same meaning according to their respective interpretations, which is not unheard of, as F. C. Beiser explained, in *The German Historicist Tradition* (2011), the term “historicism” can be “used in very different, even contradictory, ways” (Beiser, 2011, p. 1). According to Hayek, historicism refers to “the attempt to determine the general laws of history”; Popper held a similar view (Beiser, 2011, p. 1). For Humboldt, on the other hand, “it [historicism] means the exact opposite: the repudiation of such laws and the attempt to know the unique and singular events and personalities of history” (Beiser, 2011, p. 2). In fact, Beiser regarded Humboldt as one of “the founding fathers of the historicist tradition” (Beiser, 2011, p. 4). He also explained that Humboldt played an important role in the development of “the method for history to be a science” (Beiser, 2011, p. 167).

The type of historicism that Humboldt defended valued “the principle of individuality” and “holism”. Beiser explained that “the principle of individuality” was an “important contribution” by Humboldt to “the historicist tradition” (Beiser, 2011, p. 168). Based on “the principle of individuality”, “the defining subject matter of history, and the goal of historical inquiry, is the individual” (Beiser, 2011, p. 4). According to the other important principle of historicism that Humboldt valued, namely “holism”, “the individual human being is not self-sufficient and independent unit but that its very identity and existence depends on its place within a whole” (Beiser, 2011, p. 4). As a result, Humboldt often emphasized the necessity of establishing harmonious relationships within the community, which is important for the mutual improvement of character and self-development. In fact, he was of the view that “men are necessary to each other”, as they help one another improve and enrich their “style of living” (Burrow, 1969, p. XLIII). It should be noted that while Hayek supported “the principle of individuality”, he was opposed to holism.

In his earlier writings, Humboldt opposed using general historical laws, rules and patterns to control social and political life or “to change the course of history”. In his later

work, however, “he emphasizes that historical change is the result of human reason” (Beiser, 2011, p. 182). In other words, he recognized the power of reason in challenging and altering the status quo, which led him to basically accept the notion that “all the major changes” in human history were outcomes of “periodic revolutions in the human spirit” (Beiser, 2011, p. 182). Furthermore, he viewed “all human history” as “the continuous progression towards the perfection of man through the activity of reason”, which meant he believed that “progress” and “human perfection” would be achieved through the power of reason (Beiser, 2011, p. 191). However, Humboldt did not blindly believe in the power of reason, as he recognized that human reason is “very limited” on account of “the inner self”, which is “mysterious” and “inaccessible to rational comprehension or control” (Beiser, 2011, p. 195). In other words, Humboldt spoke of the role of the spontaneous forces and obscurity in order to reveal “the ultimate reason” or the sources behind individuals’ decisions. Despite the fact that he recognized the limited nature of reason, he reached the conclusion that once “human perfection” is achieved, all “contingencies from human life” will be removed (Beiser, 2011, p. 191).

It is evident that Hayek was not familiar with of Humboldt’s version of historicism, which attributed the power of reason in terms of achieving progress and perfection. In fact, Hayek did not appear to have any idea about Humboldt’s views on the historicist approach in his later work, where he defended a form of historicism that placed a high value on the power of human reason in terms of achieving “the ideal of humanity; this was a view that both Hayek and Popper objected to.

Hayek’s views on historicism were not influenced by Humboldt; rather they were shaped by his opposition to some of the historicist philosophers of the 19th century, the German Historical School of Economics, and the totalitarian regimes of the 20th century, in addition to his collaboration with Popper. Hayek basically held 19th century historicist philosophers responsible for significantly influencing “social thought” since the second half of that (19th) century, mainly due to the level of importance they attributed to general laws, rules, patterns of development, as well as progress. Even when considering the factors that shaped Hayek’s opinions on historicism, it is not surprising that his views

concurred with Humboldt's early writings on the subject of general laws, rules and patterns of development, as he originally inherited his fundamental ideas pertaining to components of his conception of freedom from Humboldt's political philosophy. If Hayek was aware of contributions that Humboldt made to the development of historicism, he would not have accepted Humboldt as an important contributor of liberalism, nor would he would have considered him to be "Germany's greatest philosopher of freedom".

3. 7. Spontaneous Order

Hayek often spoke of the importance of spontaneous order in the achievement of freedom, comparing it to the general historical rules and laws of evolution. Hayek's concept of spontaneous order is often regarded as one of the most important and original components of his intellectual work in a number of different disciplines including law, economics, politics, and philosophy. It should be noted that there is no consensus as to the precise origin of this concept; however, the comparison of Humboldt and Hayek's respective political philosophies shows that there are many similarities between their views on the notion of spontaneous order.

It is also important to point out that, while Humboldt's concept of spontaneity is considered to be original, he actually inherited his views on this topic from Leibniz, who attempted to explain the evolution of the universe and humanity through his idea of spontaneity (Leroux, 1932, p. 234). Leibniz was of the opinion that acting spontaneously involved the use of one's "knowledge", as well as one's "deliberation" in choosing the best available option (Leibniz, 2006, p. 97). Humboldt shared similar views with Leibniz, as he argued that the progress of humanity is not an outcome of the general rules and laws of evolution, and that all changes that occur within a society are outcomes of continuous and spontaneous forces. According to both Leibniz and Humboldt, spontaneity is a necessary condition of freedom.

Humboldt described the development of culture, traditions, moral values, rules of conduct, and progress in a society as outcomes of social relations that are guided by the subjective decisions and unintended consequences of spontaneous individual actions, as opposed to being imposed by an external authority from above. He believed that human experience is enriched spontaneously by the exploration of previous cultural experiences⁸¹. Furthermore, he argued that human beings achieve progress and development through spontaneous co-operation with different members of society. More specifically, he was of the opinion that “It is through such social union, therefore, as is based on the internal wants and capacities of its members, that each is enabled to participate in the rich collective resources of all the others” (Humboldt, 1969, p. 11). This means that human beings achieve “greater richness and beauty” via spontaneous action (Humboldt, 1969, p. 18).

Humboldt labelled calculations and predictions aimed at achieving predetermined end through state intervention as “artificial arrangements” (Humboldt, 1969, p. 29). He explained that while an artificially arranged order made it possible to create “anew the external aspect of things”, it could never replicate “the inner disposition of human nature, which would surely re-manifest itself in everything new that had been forcibly imposed on it” (Humboldt, 1969, p. 141).

The concept of spontaneous order⁸² was a key subject examined in *The Constitution of Liberty* (Hayek, 2011, p. 8, 9). In this book, as well as in some of his other publications, Hayek defended spontaneous order as opposed to “artificial arrangements” or organization. It should be noted that when Hayek discussed deliberate central planning in *The Constitution of Liberty*, he was essentially describing the “artificial arrangements” that Humboldt discussed in *The Limits of State Action*.

⁸¹ Humboldt maintained that it is essential for new generations to not completely ignore and reject previous developments, traditions, customs and practices; instead, previous phases should be fused with improvements in order to create a new and more perfect phase.

⁸² Hayek admitted to using the terms “self-generating order” or “self-organizing structures” instead of “spontaneous order” (Hayek, 1979, v.3, p. XII). He thought that the terms “self-generating order” or “self-organizing structures” are “sometimes more precise and unambiguous” compared to “spontaneous order” (Hayek, 1979, v.3, p. XII).

Hayek argued that the “development of civilization” or progress⁸³ was the outcome of the spontaneous forces of society. He stated that the “development of civilization⁸⁴, [which has grown from the free efforts of millions of individuals] was based on our gradually learning new rules of conduct that involved restraining and taming those primordial instincts” (Hayek, 1978, p. 34, 1983, p. 38). Hayek often argued that men did not deliberately create civilization; instead, “it is the product of his actions” or “the action of a few hundred generations”. In other words, men were not fully conscious of what they were doing when they established civilization (Hayek, 2011, p. 74).

Hayek underlined that “the growth of civilization rests largely on the individuals’ making the best use of whatever accidents they encounter, of the essentially unpredictable advantages that one kind of knowledge will in new circumstances confer on the one individual over others” (Hayek, 2011, p. 507). In other words, the growth of civilization is not “the product of human design” (Hayek, 2011, p. 74). Rather Hayek claimed that, “[c]ivilization has grown by our learning rules that taught us to restrain and suppress what we still call our natural instincts and to learn entirely new practices, superimposed on our natural instincts, and restraining them, which built modern civilisation” (Hayek, 1983, p. 38).

Hayek focused on the imperfect, limited, and fragmented aspect of knowledge in his defense of spontaneous forces in order to explain cooperation, evolution and the growth of civilization. He argued that spontaneous order is “the only procedure yet discovered in which information widely dispersed among millions of men can be effectively utilized for the benefit of all—and used by assuring to all an individual liberty desirable for itself on ethical grounds. It is a procedure which of course has never been ‘designed’ but which we have learnt gradually to improve after we had discovered how it increased the efficiency of men in the groups who had evolved it” (Hayek, 1976, v. 2, p.

⁸³ According to Hayek, progress is the “process of formation and modification of the human intellect, a process of adaptation and learning in which not only the possibilities known to us but also our values and desires continually change. As progress consists in the discovery of the not yet known, its consequences must be unpredictable. It always leads into the unknown, and the most we can expect is to gain an understanding of the kind of forces that bring it about” (Hayek, 2011, p. 94).

⁸⁴ Hayek also argued that, through the development of civilization, “the individual benefits from more knowledge than he is aware of (Hayek, 2011, p. 73).

70, 71). In fact, Hayek's conception of spontaneous order is strongly related to the nature of human knowledge or "the dispersion of knowledge". According to his political philosophy, the "dispersion of knowledge...became a major theme" (Hayek, 1989, v.10, p. 27).

The concept of dispersed knowledge refers to a situation where each individual knows very little and their "use of his particular knowledge may serve to assist others unknown to him in achieving their ends that men as members of civilized society can pursue their individual ends so much more successfully than they could alone" (Hayek, 2011, p. 76). Furthermore, each person acts based on their "particular knowledge, always unique", and uses "his individual skills and opportunities within the limits known to him and for his own individual purpose" (Hayek, 2011, p. 80). Hayek claimed that "[m]ost of the knowledge on which we rely in the pursuit of our ends is the unintended by-product of others exploring the world in different directions from those we pursue ourselves because they are impelled by different aims; it would never have become available to us if only those ends were pursued which we regarded as desirable" (Hayek, 1976, v. 2, p. 111).

Hayek was preoccupied with the outcomes of "the deliberately organized forces of society", as he believed that they may "destroy...spontaneous forces which have made advance possible" (Hayek, 2011, p. 90). In his arguments against central, rational planning and design, Hayek explained that "the rules of conduct which prevail in a Great Society are...not designed to produce particular foreseen benefits for particular people, but are multi-purpose instruments develop as adaptation to certain kinds of environment because they help to deal with certain kinds of situation" (Hayek, 1976, v. 2, p. 4). He also claimed that "[l]iberalism thus derives from the discovery of a self-generating or spontaneous order in social affairs, an order which made it possible to utilize the knowledge and skill of all members of society to a much greater extent than would be possible in any order created by central direction, and the consequent desire to make as full use of these powerful spontaneous ordering forces as possible" (Hayek, 1967, p. 162).

Humboldt argued that “the manifold and ever-varying plans and wishes of individual men are to be preferred to the uniform and unchangeable will of the State” (Humboldt, p. 99). He was of the opinion that deliberately designed goals and ends require “special knowledge” (Humboldt, p. 88). However, he added that such knowledge “is not attainable by the mere exercise of reason and practical discernment [or the practical ability of judging]” (Humboldt, p. 88). Furthermore, he also noted that “the deliberation as regards the future can never be perfectly just and complete” because of “special knowledge” and the spontaneous forces of society (Humboldt, 1969, p. 95).

Similarly, Hayek explained that “specific predictions” with regards to the future are very limited (Hayek, 1989, p. 142). According to him, “[o]ur problem is that even if we have thought out a beautiful and possibly correct theory of the complex phenomena with which we have to deal, we can never ascertain all the concrete specific data of a particular position, simply because we do not know all that which the acting people know” (Hayek, 1983, p. 20, 21). He explained that “[t]he institutions of freedom, like everything freedom has created, were not established because people foresaw the benefits they would bring”; rather, they are outcomes of spontaneous forces (Hayek, 2011, p. 107). Therefore, Hayek clearly believed that “human reason can neither predict nor deliberately shape its own future” on account of the dispersed nature of human knowledge and the spontaneous forces of society (Hayek, 2011, p. 94). More precisely, he maintained that the efforts of individuals are “guided by their own views about prospects and chances, the results of the individual’s efforts are necessarily unpredictable” (Hayek, 2011, p. 163). Additionally, Hayek pointed out that “[p]rogress by its very nature cannot be planned” (Hayek, 2011, p. 95). Human progress consists of “finding out where it has been wrong” (Hayek, 2011, p. 94). Thus, he reached the conclusion that “[m]an is not and never will be the master of his fate: his very reason always progresses by leading him into the unknown and unforeseen where he learns new things” (Hayek, 1979, v. 3, p. 176).

Humboldt and Hayek both discussed the importance of spontaneous co-operation among individuals. For Humboldt, man unites “the separate faculties of his nature” through spontaneous co-operation with others, which contributes to enriching the whole society (Humboldt, 1969, p. 11). Meanwhile, Hayek focused on spontaneous co-operation between individuals in the marketplace. He explained how “spontaneous order of the market...makes... reconciliation of divergent purposes possible” (Hayek, 1976, v. 2, p. 112). Furthermore, he also emphasised the role of the state in securing spontaneous order, which Humboldt concurred with. On this point, Hayek stated that “[g]overnments strong enough to protect individuals against the violence of their fellows make possible the evolution of an increasingly complex order of spontaneous and voluntary cooperation” (Hayek, 1989, v.1, p. 32). He argued that “the prime public concern must be directed not towards particular known needs but towards the conditions for the preservation of a spontaneous order” (Hayek, 1976, v. 2, p. 2).

According to Humboldt and Hayek, spontaneous order is a natural and “self-correcting” process, as opposed to one that is planned, designed, predicted and calculated. They believed that the occurrence of new, unexpected and accidental changes within society and the environment result in individuals modifying their goals and ends, which eventually leads to societal progress in the long-run. Therefore, Humboldt and Hayek were opposed to deliberately planned and designed projects, which impose patterns, values, rules, and laws for the purpose of regulating the choices and activities of people, all of which represent obstacles that disturb the self-regulating and self-organising mechanisms of society. They explained that attempting to achieve common goals and ends via state authority would require continuous intervention, regulation, and coercion on account of the fact that the conditions and situations faced by a society are constantly changing. That is to say the state would need to possess all of the knowledge relevant to the rational planning and organization of social, political and economic activities taking place within a society in order to achieve common goals and ends.

Despite the existence of many similarities between Humboldt and Hayek’s respective notions of spontaneity, it is worth mentioning that Hayek used his defence of

spontaneous order to promote liberal societies and free market capitalism over socialist systems, social democratic welfare states, and centrally designed economies. He employed a utilitarian argument in his defence of spontaneous order, as he claimed that individuals residing in liberal societies and under free market capitalism would generate better and more efficient outcomes relative to those residing under socialist systems and in social democratic welfare states. Humboldt, on the other hand, was opposed to Enlightenment principles, which led him to reject individualism and the utilitarian principle of maximizing happiness and material well-being. More precisely, he was also opposed to the use of individualism as an instrument to be applied in all areas of human life in the pursuit of self-interest, because he was of the opinion that the principles of individualism and utilitarianism are not drawn from “the nature of man” and, as such, should not be applied to different aspects of social relationships (Roberts, 2008, p. 10). In fact, he actually identified the pursuit of individualism and self-interest with utilitarianism, arguing that they were mechanistic and did not address “inner cultivation” or “goodness in the moral faculty”.

Humboldt, similar to many German thinkers of the end of the 18th century, held the view that the “individual was seen as the upholder of civilisation, which consists in the complete development of all the abilities and forces of man, not only his rationality” (Roberts, 2008, p. 70). Thus, he rejected the notion that rational arrangements and utilitarianism would be socially beneficial; instead, he defended “the harmonious development of all the individuals’ powers in a cultured personality” (Roberts, 2008, p. 9, 10). He actually argued that the pursuit of self-interests based on utilitarian principles requires rational calculations⁸⁵, which are fallible because any deliberations, calculations or “judgements about the future are always imperfect” (Humboldt, 1969, p. 94).

Despite some important differences in their support for spontaneity in their respective political philosophies, Humboldt and Hayek agreed that freedom pertains to the relationships that exist between different individuals who are able to spontaneously

⁸⁵ Humboldt believed that it is impossible to accurately predict the future outcome of an action performed by any person or state authority on account of the complexities associated with human nature, relationships, and life itself.

pursue their own plans and intentions based on their own dispersed knowledge. They emphasised the role of hazard, or unexpected and accidental events and actions, which require individuals to spontaneously evaluate their specific situations and the circumstances that prevail within their own society before making a decision. Therefore, Hayek and Humboldt believed that the achievement of freedom, progress and evolution within a society were not outcomes of the deliberate and rational organisation of the state's affairs, institutions, or education system; instead, they considered these to be results of complex and subjective activities on the part of individuals, as well as "hazards" and other unknown accidental and spontaneous events that cannot be predicted. They placed a high value on the spontaneous forces of society and went so far as to attribute all progress and evolution of humanity to them.

3. 8. Conclusion

This chapter was primarily a comprehensive study of Humboldt and Hayek's respective political philosophies, focusing on Humboldt's *The Limits of State Action*. It sought to demonstrate that Hayek's political philosophy contains a number of ideas, concepts, and components that are similar to those found in Humboldt's early writings. In fact, some of those ideas, concepts, and components were actually core elements in the liberalism of both Humboldt and Hayek. More precisely, many of the fundamental ideas that Humboldt expressed in *The Limits of State Action* on the subjects of freedom, the role of the state, the growth of civilisation, spontaneous order, and the rule of law are also found in many of Hayek's publications.

However, the fact that Hayek shared many similar views with Humboldt regarding different components of freedom is not to say that they held exactly the same opinions on all subjects. In other words, some of the components of freedom that Humboldt regarded as crucial for the achievement of freedom were viewed as having no importance by Hayek. These included the idea that human nature possesses multiple aspects, the necessity to establish harmonious relationships within the community, and *Bildung*, all of which are important for the achievement of the highest self-development and perfection according to Humboldt. Furthermore, Humboldt's belief that a life

“dedicated to *Bildung*”, which is based on “reason, sentiment and aesthetic sensibility”, was “a work of art” and an important component of freedom was not shared by Hayek. More specifically, Hayek did not promote self-development or learning about the arts and different cultures, values, and ways of life as being important components of freedom.

For Humboldt, self-development is strongly related to becoming a well-adjusted, educated, and skilled person that is engaged in harmonious relationships with other members of society. *Bildung* and the establishment of harmonious relationships with other members of society were also important aspects of Humboldt’s liberalism that differentiated his works from typical forms of liberalism, which assume that individuals in a society compete and confront each other as external objects and as adversaries. This is a key point of difference between Humboldt and Hayek’s versions of liberalism, as Hayek valued individual agents over the community and supported a state of competitive relationships within the community. According to him, competition between individuals would improve everybody’s lives and engender progress and evolution. To the contrary, Humboldt’s liberalism does not view the individual as essentially the proprietor of his own person and capacities, owing nothing to society. In other words, Humboldt did not believe that human beings existed in a constant state of competition; rather, he considered their relationships to be harmonious, which is important for the mutual improvement of character and self-development. In fact, he was of the view that “men are necessary to each other, that they are constantly modifying each other by example, and enriching their sense of the possible style of living” (Burrow, 1969, p. XLIII).

Even though both Humboldt and Hayek defended a limited role for the state in society, each had their own distinct reasons or motivations for this view. On many occasions, Hayek’s defence of limited state action was related to utilitarian principles. Meanwhile, Humboldt’s arguments on the subject pertained to the achievement of free development of human beings. More precisely, he sought to limit state action, because doing so would be in harmony with the creation of opportunities for citizens to develop their self-education, self-development and self-culture. In fact, Humboldt’s contributions

to the development of modern liberalism had “a distinctive voice”, as he allowed for education and the achievement of the highest self-development to be key concepts.

It is important to remember that Humboldt wrote *The Limits of State Action* in 1792, meaning that the views he expressed in it were largely developed when he was in his early twenties. In the 19th century, many years after he wrote *The Limits of State Action*, Humboldt traveled, acquired new knowledge, learned new languages, and studied a variety of different topics including the political philosophies and social conditions that prevailed in different cultures and societies. All of this new experience and knowledge that he gained pertaining to different cultures and languages led him to progressively change his views regarding *Bildung*. More precisely, contrary to the opinions that he expressed in *The Limits of State Action*, where he believed that “*Bildung* had its origin exclusively in the interior of the soul”, later in his life, Humboldt arrived at the conclusion that the external world played an active and essential role for *Bildung* (Roberts, 2008, p. 49). In addition to *Bildung*, Humboldt also altered his position on the notion of self-development, which he no longer regarded as a strictly individual matter; he also came to see it as important part of the “national culture” (Roberts, 2008, p. 49).

Humboldt also changed his views regarding the state in his later works, as he no longer considered himself “an opponent of the state”; rather, he became “a supporter of the importance of national culture” (Roberts, 2008, p. 49). At this time, in order to achieve highest self-development, Humboldt supported a state role in providing certain opportunities that are important for the formation of individual capacities. He also argued that the state had an important role in the promotion of “aesthetic sensibility” (Roberts, 2008, p. 52). Furthermore, he also came to regard the state as more than “a means” for achieving “human development” and freedom, arguing that “it is duty of the state to help develop individual powers to the full, a duty which paradoxically requires the state to abstain from almost all action since that action, by its nature, restricts individual freedom” (Roberts, 2008, p. 30).

Additionally, Humboldt also altered his opinions regarding the rational deliberation and power of the reason, emphasizing the notion that “historical change is result of human reason” (Beiser, 2011, p. 182). He argued that “reformers” could achieve “lasting and stable change” by focusing on “people’s inner character and dispositions”; “once people’s attitudes change, they will be prepared for the change in their social and political institutions” (Beiser, 2011, p. 182). Nevertheless, despite his belief in power of the reason, Humboldt was of the opinion that human reason is “limited” and that it is not possible to accurately predict future developments, because of the fact that individuals’ particular actions can change spontaneously.

Hayek’s writings make it clear that one of his main concerns was the development of liberal principles. Even though he shared many similar views with Humboldt with respect to the relationship between the state and freedom, he was very clear that he was disappointed that Humboldt altered his views regarding the role of the state and provision of social services. More precisely, he was disappointed that Humboldt, in his later writings, supported the public financing of education.

Despite the existence of some differences, Hayek agreed with many of the fundamental elements of Humboldt’s political philosophy, which served as cornerstones in Hayek’s body of work in a number of different disciplines including, law, economics, politics, and philosophy. One cannot know for certain whether or not Humboldt influenced Hayek’s political philosophy, however, it is difficult to argue that the existence of so many significant similarities in their respective works was simply the outcome of pure coincidence or merely the result of accidental parallelism.

It is equally difficult to explain why Hayek did not properly quote or cite Humboldt despite the fact that he was clearly familiar with Humboldt’s political philosophy. However, Hayek does acknowledge that his references are not complete and that he did not properly cite the works of authors that he agreed with in *The Constitution of Liberty*. He also admitted that he is not particularly meticulous in terms of properly quoting or citing his intellectual sources. Additionally, some scholars and experts on Hayek point

out that there are a number of methodological problems in his writings, and recognize that he did not properly cite or quote the contribution of his predecessors in his own writings.

Perhaps Hayek did not properly cite Humboldt's views for purely strategic reasons. To be more precise, despite the fact that Hayek held Humboldt in very high esteem, Humboldt was nonetheless a German liberal of the 19th century, which meant he was primarily concerned with self-development, *bildung*, "aesthetic sensibility", and harmonious relationships with other beings. It is possible that since Hayek expressed such negative views towards almost everything related to Germans and Germany of the 19th century in a lot of his work he was worried that citing Humboldt, who was not particularly well known in the English world, would weaken his arguments. There are countless examples of Hayek's negative views of German thinkers of the 19th century in *The Road to Serfdom*; in fact, he goes so far as to associate the road to serfdom with a "German road"⁸⁶.

In fact, Hayek made it clear that he believed many of the changes that were being implemented in England appeared to be following "the example of Germany" when he stated, "Germany whose fate we are in some danger of repeating" (Hayek, 2007, p. 58). He thought this situation was the result of committing the errors of the German Historical School of Economics (Hayek, 2007, p. 4). For example, he said that "students of the currents of ideas can hardly fail to see that there is more than a superficial similarity between the trend of thought in Germany during and after the last war and the present current of ideas in the democracies" (Hayek, 2007, p. 58). He also wanted to make it clear that "[t]he doctrines of National Socialism are the culmination of a long evolution of thought" (Hayek, 2007, p. 181). For this reason, he was very concerned that people in England and the United States were "moving in the same direction" as in "recent years in Germany" (Hayek, 2007, p. 58). This was evidenced by his statement that "[s]ome of the

⁸⁶ For example, in *The Road to Serfdom*, he stated the following: "In the progressive advance toward a completely planned society the Germans, and all the people who are imitating their example, are merely following the course which nineteenth-century thinkers, particularly Germans have mapped out for them" (Hayek, 2007, p. 94). He also opined that "it cannot be denied that the men who produced the new doctrines were powerful writers who left the impress of their ideas on the whole of European thought" (Hayek, 2007, p. 181).

forces which have destroyed freedom in Germany are also at work here and that the character and the source of this danger are, if possible, even less understood than they were in Germany” (Hayek, 2007, p. 58). To be more precise, he claimed that “Whether it was Hegel or Marx, List or Schmoller, Sombart or Mannheim, whether it was socialism in its more radical form or merely “organization” or “planning” of a less radical kind, German ideas were everywhere readily imported and German institutions imitated” (Hayek, 2007, p. 74). In fact, Hayek maintained that Germany was “one of the places where the modern passion for planning originated” (Hayek, 1989, p. 45). He discussed this topic extensively in *The Counter Revolution of Science*.

Even though Hayek did not explicitly refer to Humboldt’s writings in his arguments and explanations, a number of significant similarities are apparent in certain components of their respective conceptions of freedom, the rule of law, social planning, “artificial order”, and spontaneous order, including some very strong parallels in terms of linguistics. Additionally, there are also a number of key similarities in the formulation of their respective arguments in defense of limited state action. Given the frequency of such conceptual, linguistic, and argumentative similarities, it is highly unlikely that they are purely accidental in nature. For this reason, there is strong support for the argument that Hayek was influenced by a number of key concepts from Humboldt’s political philosophy when he developed many of his influential ideas pertaining to modern liberalism, including some of those that were thought to have originated with him.

Chapter 4. Hayek's Break with Mill's Conception of Freedom

4. 1. Introduction

In addition to Humboldt, Hayek was also influenced by John Stuart Mill (1806-1873), another economist and political philosopher who inherited some of the fundamental components of Humboldt's political philosophy. Mill was not only important to the development of the discipline of economics, but was also considered to be the most influential contributor to liberal ideas in the 19th century. He is well-known for his essay *On Liberty*⁸⁷ (1859), which is often regarded as one of the most important essays on the concept of freedom. Even though Mill published other works that dealt with the concept of freedom, such as *Principles of Political Economy* (1848), this section will mainly focus on *On Liberty*, not only because it is generally considered to be Mill's most important essay on the subject of freedom, but also because it was influenced by Humboldt's *The Limits of State Action*; this chapter will only make incidental references to some of Mill's other writings, such as *Civilisation* (1836).

The study of *On Liberty* is an important step towards gaining an understanding as to how Hayek neglected some of the components of Humboldt's liberalism that were highly valued in Mill's *On Liberty*. Hayek did study the ideas that Mill put forth in *On Liberty*, as evidenced by the fact that he occasionally cited Mill's writings and ideas on the topic of political philosophy in his own work. In addition to studying Mill's social and political philosophies, Hayek also devoted a great deal of time to examining Mill's personal life. This included investigating his friendships and relationships, particularly Mill's correspondences with Harriet Taylor (1807-1858), a philosopher who eventually became his wife, in *John Stuard Mill and Harriet Taylar: Their Friendship and Subsequent Marriage* (1969).

⁸⁷ Mill had a high opinion of *On Liberty*, as he stated that this book was "likely to survive longer than anything else" that he ever published (<http://www.laits.utexas.edu/poltheory/mill/auto/auto.c07.html>).

Overall, Hayek's views on Mill can be described as somewhat confusing. For example, in *The Constitution of Liberty*, Hayek considered Mill to be an important contributor to liberalism, "noting his [Mill's] place in the pantheon of classical liberal thinkers", in addition to discussing "Mill's argument for tolerance (30), his anti-interventionism (220), his opposition to progressive taxation (308)" (Caldwell, 2008, p. 699). However, Hayek was highly critical of Mill in some of his other work, even going so far as to state that he viewed "Mill as being by and large outside the classical liberal tradition" (Farrant, 2011, p. 1). Even though Hayek accused Hegel of being one of the major contributors to scientism in *The Counter-Revolution of Science*, he also attempted "to trace the dispersion of scientistic ideas in the 19th century" to Mill in *The Road to Serfdom* (Caldwell, 2008, p. 696). Hayek regarded Mill as an advocate of scientism and believed that Mill's involvement helped in spreading "scientistic ideas" (Caldwell, 2008, p. 697). He basically argued that, because Mill was influenced by German philosophy, as well as the writings of Comte and Saint-Simon, who were major contributors to scientism in addition to Hegel, Mill ended up playing a significant role in spreading "scientistic ideas" (Caldwell, 2008, p. 697). However, Bruce Caldwell, in "Hayek on Mill" (2008), contradicted Hayek's assertion that Mill was influenced by the writings of Comte and Saint-Simon, explaining that Mill was actually of the opinion that "the Comtean system was despotic, a form of liberticide" (Caldwell, 2008, p. 697).

In addition to criticizing Mill for being influenced by the writings of major contributors to scientism⁸⁸, Hayek also thought that he was "sympathetic to socialism"; however, he did not regard him "as the greatest advocate of socialism"⁸⁹, because Hayek recognized the fact that Mill did not accept "the abolition of private property", which is an important aspect of socialist systems (Caldwell, 2008, p. 697). Although Hayek criticized Mill for his sympathetic views towards socialism, as well as his contributions to

⁸⁸ In fact, Hayek associated the growth of socialism with the growth of "scientistic ideas" or scientism.

⁸⁹ Hayek believed that Mill's wife, Harriet Taylor, played a major role in his sympathetic views towards socialism, as Hayek wrote: "That Mrs. Mill's influence on his work increased further is clearly shown by the further and decisive advance towards socialism noticeable in the third edition of *Political Economy* which appeared not long after their marriage. It was largely in the form which the relevant chapters of the *Political Economy* were given at that time that they went through the many editions and exerted that great influence to which no less a person than Sidney Webb (or Lord Passfield) has paid eloquent tribute as one of the main causes which assisted the growth of socialism in England. If that is true there can be no doubt now that it was Mrs. Mill rather than John Stuart Mill to whom this is due" (Caldwell, 2006, p. 11).

the growth of scientism, and despite the fact that their respective ideas pertaining to liberalism and liberal principles had different components, they shared similar views with regards to the democratic system. In *On Liberty*, Mill expressed his concern for the rise of democratic systems, which he believed to be in conflict with freedom. More specifically, he was critical of the strong tendency towards democratic conformism in the modern world, where countries are ruled by the opinions of the majority, while the views of the minority are neglected, resulting in the violation of individual liberty. On this point, he argued that the opinions and ideas held by the masses are generated “for them by men much like themselves, addressing them or speaking in their name, on the spur of the moment, through the newspapers”, rather originating from books, the individuals themselves, or critical thought (Mill, 1991, p. 73). According to Mill, it is “in these circumstances most especially, that exceptional individuals, instead of being deterred, should be encouraged in acting differently from the mass” (Mill, 1991, p. 74).

It was on this basis that Mill developed his view that democratic conformism represents a threat to the achievement of freedom; basically, the opinions of the masses would create homogeneity in character, opinions, feelings, knowledge, skills, etc. under a democratic system. That means he repudiated the “tyranny of society over the individual”⁹⁰, and strongly defended the diversity of opinion, feelings, knowledge, and skills, in addition to the freedom of expression, particularly in the event that the opinion of one deviates from those of the majority. Like Mill, Hayek also had serious concerns about “The tyranny of democracy”. He believed that under a democratic system, the majority had the power to make decisions for the whole society, including the minority. In other words, Hayek was critical of the fact that the minority is subject to the arbitrary will of the majority under democracy; he stressed the importance of the opinion of the minority in the achievement of progress and development within the society. However, he went on to argue that the democratic system does not guarantee that the majority will make the right decisions.

⁹⁰ <http://www.laits.utexas.edu/poltheory/mill/auto/auto.c07.html>

Although Mill and Hayek's respective views pertaining to the democratic system are very important, they will not be further discussed in this thesis, which is primarily concerned with their relationship to Humboldt's well-known book *Limits of State Action*. In other words, despite the importance of the opinions of Mill and Hayek regarding democracy, the main focus of this chapter is to demonstrate that much of their work can be traced back to Humboldt as the original intellectual source.

This chapter will be comprised of seven sections, all of which focus on highlighting Humboldt's influence over different components of Mill's political philosophy, as well as Hayek's thoughts on different aspects of Mill's conception of freedom and the role of the state. It will not only highlight the similarities between the views of these three thinkers, it will also demonstrate that, despite the fact that Hayek cited Mill's ideas regarding freedom and the role of the state in his own work, they also had some fundamental points of contention. In other words, this chapter will attempt to determine why Hayek neglected some elements that are fundamental to both Mill and Humboldt's respective conceptions of freedom and the role the state. This chapter will also demonstrate that some of the differences in the political philosophies expressed by Humboldt, Mill, and Hayek are reflective of the political realities, social conditions, and historical events that prevailed during their respective times.

The introduction will be followed by a section that will emphasize the importance of *The Limits of State Action*⁹¹ to Mill's *On Liberty* (1859) (Burrow, 1969, p. XVII). Section three will focus on Mill's account of freedom and compare it to that of Humboldt. This will be followed by a section that will explain and compare the similarities between Humboldt, Mill and Hayek's respective political philosophies regarding the role of the state. Part four will concentrate on the role of the state, in that it will explain that Humboldt, Mill and Hayek's accounts of freedom and the role of the state rejected state intervention and planning. The fifth section will focus on the relationship between the concept of freedom, historicism, and spontaneous order

⁹¹ *The Limits of State Action* was translated from German to English by Joseph Coulthard and published in 1854 under the title *The Sphere and Duties of Government*.

according to the political philosophies of Humboldt, Mill and Hayek. This will be followed by a section that examines Humboldt, Mill and Hayek's respective arguments for using a legal framework to achieve freedom. At the conclusion, it will be clear that it is a worthwhile endeavour to uncover the influences that Humboldt and German Idealism had on Mill and Hayek's political philosophies, as well as the development of liberalism, both of which have often been neglected.

4. 2. *The Sphere and Duties of Government* (1854) and *On Liberty* (1859)

In his autobiography, Mill admitted that, early in his career, he was able to see "little further than the old school of political economists into the possibilities of fundamental improvement in social arrangements"⁹². Later on, however, he became preoccupied with social and economic inequalities and injustice. Mill admitted that his search for solutions to these issues would classify his ideas as "socialist"⁹³. However, he was of the opinion that he did not aim to achieve socialist principles; rather, he attempted to "unite the greatest individual liberty of action, with a common ownership in the raw material of the globe, and an equal participation of all in the benefits of combined labour"⁹⁴. In other words, he sought to achieve the "transformation...in the uncultivated herd who...compose the labouring masses, and in the immense majority of their employers"⁹⁵, arguing that "[b]oth these classes must learn by practice to labour and combine for generous, or at all events for public and social purposes, and not, as hitherto, solely for narrowly interested ones"⁹⁶. Mill primarily blamed the institutions of society for promoting "the deep-rooted selfishness which forms the general character of the existing state of society"⁹⁷.

Mill was not particularly optimistic about achieving progress in terms of social and economic disparities, because he was convinced that "no great improvements in the

⁹² <http://www.laits.utexas.edu/poltheory/mill/auto/auto.c07.html>

⁹³ <http://www.laits.utexas.edu/poltheory/mill/auto/auto.c07.html>

⁹⁴ <http://www.laits.utexas.edu/poltheory/mill/auto/auto.c07.html>

⁹⁵ <http://www.laits.utexas.edu/poltheory/mill/auto/auto.c07.html>

⁹⁶ <http://www.laits.utexas.edu/poltheory/mill/auto/auto.c07.html>

⁹⁷ <http://www.laits.utexas.edu/poltheory/mill/auto/auto.c07.html>

lot of mankind are possible, until a great change takes place in the fundamental constitution of their modes of thought”⁹⁸. He placed a high value on the role of universal education and the development of individuality, which he derived from Humboldt’s political philosophy, in resolving problems resulting from the modern exchange economy.

Mill read Humboldt’s *The Sphere and Duties of Government*⁹⁹(1854) before the publication of his book *On Liberty* (1859), where he not only spoke highly of Humboldt and his ideas, but also included some of the quotes and opinions that Humboldt expressed in *The Sphere and Duties of Government*. For example, in *On Liberty*, Mill stated: “Few persons, out of Germany, even comprehend the meaning of the doctrine which Wilhelm von Humboldt, so eminent both as a savant and as a politician, made the text of a treatise — that ‘the end of man, or that which is prescribed by the eternal or immutable dictates of reason, and not suggested by vague and transient desires, is the highest and most harmonious development of his powers to a complete and consistent whole’; that, therefore, the object ‘towards which every human being must ceaselessly direct his efforts, and on which especially those who design to influence their fellow men must ever keep their eyes, is the individuality of power and development’; that for this there are two requisites, ‘freedom, and a variety of situations’; and that from the union of these arise ‘individual vigour and manifold diversity’, which combine themselves in ‘originality’” (Mill, 1991, p. 64).

These lines, as well as other sections in *On Liberty*, demonstrate that Mill placed a high value on Humboldt’s defence of the highest and most harmonious development of individuality, the achievement of this type of development in its richest diversity, and the progress of civilisation. In fact, he explicitly admitted to being influenced by Humboldt’s ideas in when he wrote the following passage in *On Liberty*: “the only author who had preceded me in their assertion, of whom I thought it appropriate to say anything, was

⁹⁸ <http://www.laits.utexas.edu/poltheory/mill/auto/auto.c07.html>

⁹⁹ Humboldt finished writing *The Sphere and Duties of Government* in 1792; that same year, Schiller published a portion of the first chapter in his journal. However, this book was first published in its entirety in German in 1851, and then translated into English in 1854.

Humboldt, who furnished the motto for my work”¹⁰⁰. The notion that Mill inherited some of the fundamental ideas of Humboldt’s political philosophy has actually been claimed by a few academics including J. W. Burrow in the introduction to *The Limits of State Action*, and John Roberts in *Wilhelm von Humboldt and German Liberalism* (2008).

Furthermore, Mill appears to have altered his views¹⁰¹ on human nature¹⁰² after reading *The Sphere and Duties of Government* (Roberts, 2008, p. 83). As both Mill and Humboldt studied society, they emphasised the importance of the diversity of their nature. They were both also conscious that “it is impossible to pronounce with certainty on the nature of man” (Roberts, 2008, p. 95). It was only after reading *The Sphere and Duties of Government* that Mill began to accept human nature¹⁰³ as complex, diverse, undetermined, unfixed, active, spontaneous, and open to multiple developments with new conditions that cannot be predetermined or predicted.

Although Humboldt’s *The Sphere and Duties of Government* considerably influenced much of Mill’s writing and even led him to adjust different aspects of his political philosophy, in addition to his views on human nature, Mill did not abandon all of his own earlier ideas. For example, he still retained his belief that “happiness was the goal of life” (Roberts, 2008, p. 98). Mill associated happiness with higher pleasures, the achievement of which was “a view wholly repugnant to Humboldt” (Roberts, 2008, p. 98). However, it should be noted that Mill’s views on happiness did change considerably after reading Humboldt’s *The Sphere and Duties of Government*, as he “redefined happiness to absorb Humboldt’s idea of individuality as its essential component” (Roberts, 2008, p. 98). In other words, Mill did not completely give up his concept of happiness; instead, he associated happiness with “a condition of active flourishing in which the higher faculties are exercised and the higher pleasures enjoyed” (Gray, 1991, p.

¹⁰⁰ <http://www.laits.utexas.edu/poltheory/mill/auto/auto.c07.html>

¹⁰¹ Mill does not explicitly accept the idea that he changed his views after reading *The Sphere and Duties of Government*; in his autobiography, however, he recognized that his criticisms of the modern exchange economy were not “clearly and fully” explained in his previous writings, including *Principles of Political Economy* (especially the first edition that was published in 1848), compared to the books that he published later in his career.

¹⁰² Berlin argued that Mill identified human nature with its capacity to choose (Smith, 1984, p. 185).

¹⁰³ Although Mill and Humboldt were not “natural right theorists”, their arguments about the concept of freedom focused on “the nature of man” as “spontaneous and mutable” (Roberts, 2008, p. 103).

XXIV). Basically, Mill redefined his concept of happiness to be “the nourishment and fulfilment” of “higher and proper individuality”, which requires “the widest possible amplitude for the opportunity of free choice, free expression and free action” (Roberts, 2008, p. 99). This conception of happiness is more in line with the Aristotelian idea of *eudaimonia* in *Nicomachean Ethics: Book 1*, which aims for the achievement of the good life through the development of the intellectual, physical and mental capacities of individuals. However, he also made it clear that the achievement of happiness required the satisfaction of certain human needs, such as the “security of “life”, the protection of “property from confiscation”, and safeguarding the “private spheres” of individuals.

Another important point to emphasise is that Humboldt’s views provided a strong foundation for Mill’s opposition to a “mechanistic view of man’s nature promoted by Bentham and the early Utilitarians” (Roberts, 2008, p. 83). Similar to Humboldt, Mill argued against leading one’s life according to the “Enlightenment principles” (Roberts, 2008, p. 2). To be more precise, they disagreed with those aspects of Enlightenment thought which appear to place an exclusive emphasis on the power of reason in guiding one’s life, while rejecting any role for sentiments and emotions. That is not to say that Mill completely rejected the role of reason; rather, he believed that the combination of reason and feeling could guide human actions. As a result, Mill attributed significant importance to the quality of each individual’s life; however, he never “ceased to be an utilitarian” as he confirmed in his *Autobiography* (1873).

Furthermore, Humboldt and Mill argued that the state or any other entity or external authority should never treat individuals as a means for the purpose of achieving predetermined common goals and ends¹⁰⁴, which also contradicted the views of the utilitarians. Instead, they thought that the state should provide its citizens with the liberty to choose their own actions and goals by removing the barriers to achieving the highest development of individuality.

¹⁰⁴ This is the Kantian dimension of Humboldt and Mill’s position (Kant, *Groundwork of the Metaphysics of Morals*, 1785).

According to John Roberts, in *Wilhelm von Humboldt and German Liberalism* (2008), even though Mill was “never able either to endorse or to abandon the classical utilitarian philosophy he inherited from his father James Mill” (Gray, 1991, p. VII), after reading *The Sphere and Duties of Government*, he was able to use Humboldt’s idea of individuality to “reconstruct Bentham’s utilitarianism”, which is more in accordance with his “sense of the emotional and non-rational aspects of man’s character” (Roberts, 2008, p. 98). Roberts explained that Mill’s reconstruction of Bentham’s utilitarianism meant that he abandoned informed rational deliberation aimed at achieving the highest pleasure in favour of spontaneous decision-making. Therefore, Mill was, in a sense, trying to formulate a concept of freedom and a role for the state that was essentially a synthesis between classical utilitarian philosophy and Humboldt’s ideas pertaining to the spontaneous forces of society and the development of individuality. Nevertheless, Humboldt’s influence on Mill with regards to the concept of spontaneity, and the importance of development of individuality, created the main divergence between Mill and Bentham’s utilitarianism. In other words, Mill rejected the understanding of “human nature” as “universal and unalterable” (Roberts, 2008, p. 98).

There is no doubt that Mill’s *On Liberty* and Humboldt’s *The Sphere and Duties of Government* share many similar viewpoints, not only with regards to human nature, but also pertaining to the highest development of individuality, diversity, the importance of harmonious relationships, the role of the spontaneous order, freedom, and the progress of society, all of which will be explained in the following sections.

4. 3. Mill and Humboldt on Individual Self-Development

The concept of freedom was a fundamental component of Humboldt and Mill’s political philosophies, as both of them devoted a significant amount of time to explaining the nature of freedom, as well as all of the positive outcomes associated with achieving it. According to Humboldt, the evolution, improvement, and progress of society are all outcomes of freedom. Mill’s concept freedom did not differ substantially from that of Humboldt, as he explained that freedom is “the origin of all wise and noble things and

revitalizes civilisation” (Roberts, 2008, p. 95); it is the opportunity for free action, free choice, freedom of expression, the ability to experience different lifestyles, being open to diversity, perfecting and beautifying one’s morality, intellectual capacity, knowledge, judgement, and the flourishing of “different opinions”. Mill, exactly like Humboldt, regarded freedom as “essential for an individual’s progress towards the fulfilment of his human character” (Roberts, 2008, p. 94, 99). Furthermore, they both considered the highest development of individuality to be the primary aim of “human character”. While Humboldt and Mill’s opinions on the notion of the highest development of individuality did converge, this concept represented one of the main points of contention between the forms of liberalism advocated by them and that of Hayek.

Contrary to Hayek, the conceptions of freedom formulated by Humboldt and Mill placed a high value on the development of individuality¹⁰⁵ (or “individual self-development”), which was an important concept for German Idealism. Both Humboldt and Mill defended the highest development of “each individual’s potential” as an important principle of liberal theory. Mill, much like Humboldt, regarded the highest self-development as engendering a situation where “each person becomes more valuable to himself, and is therefore capable of being more valuable to others” (Mill, 1991, p. 70).

In fact, after reading *The Spheres and Duties of Government*, Mill became more concerned with the highest development of individuality than the external conditions faced by individuals (Roberts, 2008, p. 92). For example, in his early writings, such as *Use and Abuse of Political Terms* (1832) and *Essays On Government* (1840), he did not express any interest in ideas like the highest development of individuality, harmonious relationships within the community, and the importance of diversity. That changed in *On Liberty*, where Mill stressed the importance of these components of Humboldt’s conception of freedom.

¹⁰⁵ For Mill, “individuality” meant “development”, and “the cultivation of individuality which produces, or can produce, well-developed human beings” (Mill, p. 71). He was of the opinion that “despotism does not produce its worst effects, so long as Individuality exists under it; and whatever crushes individuality is despotism” (Mill, p. 71).

Humboldt should not get all of the credit for the important role that the achievement of self-development played in Mill's liberalism. Mill had already expressed a high opinion of education and acquiring knowledge, which are essential components of the development of individuality, in *Civilisation*, an essay that he wrote prior to reading Humboldt's *The Spheres and Duties of Government* (Roberts, 2008, p. 83, 92). Mill's appreciation for education and knowledge acquisition did not change when he wrote *On Liberty* after having read Humboldt's *The Sphere and Duties of Government*; he just altered his rationale for defending them. More specifically, while he highly valued education and acquiring knowledge in his early writings based on their role in the achievement of civilization and the promotion of "eccentricity and genius", he defended them for "the general average of mankind" in his later works (Roberts, 2008, p. 83).

In *On Liberty*, one of his later works, he explained that, contrary to "great minds" or "persons of genius", "the general average of mankind" is "not only moderate in intellect, but also moderate in inclinations: they have no tastes or wishes strong enough to incline them to do anything unusual, and they consequently do not understand those who have" (Mill, 1991, p. 77). He also went on to explain that "persons of genius" constituted "a small minority", a point that he also made in *Civilisation*; if they are to flourish, then "it is necessary to preserve the soil in which they grow" (Mill, 1991, p. 72). He emphasized the importance of providing an ideal environment for "persons of genius" to "breathe freely", explaining that such individuals cannot expand their capacities or faculties under the pressure of a coercive or authoritarian system (Mill, 1991, p. 72).

Even though Mill only focused on the highest development of "persons of genius" prior to writing *On Liberty*, he significantly altered his views after reading Humboldt's *The Spheres and Duties of Government*, and began to emphasize not only the importance of providing an ideal environment for "persons of genius" to flourish and develop freely, but he also stressed and valued the achievement of the highest development of "the general average of mankind". In other words, he began to believe in the idea of providing a social education for all human beings and facilitating an ideal environment for their highest development. That means, after reading *The Spheres and Duties of Government*,

Mill became more concerned with “individuality” as “an end in itself”; more specifically, possessing opportunities for the development of every single “individual’s potential” became equally as important as the development of “eccentricity and genius” (Roberts, 2008, p. 83).

Both Humboldt and Mill were of the opinion that the highest development of individuality is neither stationary nor settled; rather, it is a dynamic and continuous process. Mill adopted Humboldt’s view that the achievement of dynamic and continuous development of individuality is related to education, the growth of knowledge, and the progress and evolution of society. Both of them viewed education as a major factor in “the formation of great minds”, as well as in the improvement of “man himself” in terms of expanding his capabilities, knowledge, skills, character, etc. However, self-improvement through education requires individual effort and initiative, as opposed to an external authority or some other entity dictating or forcing individuals to become educated agents. Even though Humboldt and Mill opposed a state-funded education system, they both agreed that the state needs to remove any barriers that hinder the free choice of man. According to Humboldt and Mill, in addition to education, the development of individuality is strictly related to harmonious relationships and diversity. The following sections will explain those two central themes of the highest self-development according to Mill’s liberalism.

4. 3. 1. Development of Individuality and Harmonious Relationships

Mill defended the uniqueness of the activities and development of individuals, and his views regarding the role of harmonious relationships within the community were very similar to those of Humboldt. Both defended the view that harmonious relationships and the highest development of individuality are strongly related. In other words, according to Humboldt and Mill, the highest development of individuality cannot be achieved in solitude or isolation; it can only be achieved through harmonious relationships within the community. They also believed that individuals are not detached from one another and that they are not indifferent to the well-being of others. Instead,

they are dependent on each other's behaviours and actions, and have compassion, sympathy, and empathy for one another (Roberts, 2008, p. 96). Hayek, to the contrary, did not attribute any importance to the realization of harmonious relationships with other members of society.

Mill believed that individuals motivate or assist one another so as to expand the direction of their feelings and aim for "wise instead of foolish" goals and "contemplations" (Mill, 1991, p. 84). That means if harmonious relationships exist, then people can mutually enrich one another through their individual talents, skills, intelligence, mutual emotional support, etc. More precisely, Mill believed that, within a society, the development of individuality and increasing sympathy towards other beings go hand-in-hand. In other words, he attributed a central role to "social empathy" and community relationships in the development of individuality. Furthermore, Mill, much like Humboldt, also believed that in a society where relationships are maintained harmoniously, a person that possesses qualities that make him "nearer to the ideal perfection of human nature" can lead to them becoming an "object of admiration" for other individuals in the society (Mill, 1991, p. 85). Therefore, harmonious relationships in a society have the potential to create some sort of admiration for each other's attributes, which would engender the desire or aspiration to enrich and develop one's own intelligence, talents, skills, etc.

Mill's defence of harmonious relationships may seem as though he was trying to combine two contradictory notions, diversity and homogenization, in his political philosophy. However, much like Humboldt, Mill did not believe that harmonious development entailed homogenization. In other words, they both wanted to make it clear that harmonious relationships within society should not be interpreted as the homogenization¹⁰⁶ of the intellectual, moral, spiritual, and physical perfection of individuals. Mill was of the opinion that harmonious relationships within society involved "the unity of diversity", which was an important concept in Humboldt's idea of

¹⁰⁶ Mill's rejection of homogenization is based on similar reasoning as his opposition to conformity and the "tyranny of society over the individual".

the highest self-development that he (Humboldt) derived from Leibniz's notion of the unity of multiplicity. Thus, Mill essentially valued the harmonious development of individuals, even though each person possesses a different level of intellectual, moral, spiritual, and physical development. The following section will focus on the relationship between the achievement of the highest self-development and diversity in Humboldt and Mill's respective conceptions of liberalism.

4. 3. 2. Individual Self-Development and Diversity

Much like the issue of harmonious relationships within the community, Mill also adopted Humboldt's support for the achievement of diversity within society. In other words, they both placed a high value on the diversity of opinion, cultural practices, education, lifestyles, capacities and faculties of individuals. Mill often stressed that the achievement of diversity within society was related to the highest development of individuality. Thus, he was of the opinion that the highest self-development on the part of individuals is strongly related to the expression of their uniqueness and diversity. In fact, Mill quoted some of Humboldt's views about the importance of diversity to the highest development of individuality (Mill, 1991, p. 81).

However, even though Mill opposed the uniformity of the education system and conformity to the authority of religion, customs, and traditions in *Civilisation*, his views concerning the importance of diversity were not yet developed when this book was published. To be more precise, his opposition to conformity to authority, as presented in *Civilization*, was similar to the utilitarian view. Mill also rejected uniformity and conformity in *Principles of Political Economy* (1848), largely on account of his preoccupation with the "tyranny of society over the individual" in the democratic systems. In *On Liberty*, however, Mill's opposition to uniformity and conformity, as well as his defence of diversity, became very similar to Humboldt's views on these topics. More specifically, like Humboldt, Mill associated diversity with progress and conformity with stagnation; as a result, they both viewed conformity as a threat to progress and the evolution of society.

In *On Liberty*, Mill complained that social variety, or diversity, was declining in favour of social conformism on a daily basis (Mill, 1991, p. 81). He was concerned that “circumstances which surround different classes and individuals, and shape their characters, are daily becoming more assimilated. Formerly, different ranks, different neighbourhoods, different trades and professions lived in what might be called different worlds; at present, to a great degree, in the same. Comparatively speaking, they now read the same things, listen to the same things, see the same things, go to the same places, have their hopes and fears directed to the same objects, have the same rights and liberties, and the same means of asserting them” (Mill, 1991, p. 81). That means Mill was very concerned about the simultaneous decline of diversity and growth of conformity and assimilation, because he regarded them as hindrances to the development of individuality.

Similar to Humboldt, Mill believed that even though individuals were becoming more and more assimilated and diversity was slowly being erased, two individuals can never be exactly alike. People possess the ability to infinitely change and perfect themselves in completely different directions from one another. Both Mill and Humboldt were of the opinion that each person has a unique or original way of changing and perfecting their education, lifestyle, faculties, skills, opinions, etc., and achieving diversity within society. They both expressed strong support for the notion that uniqueness or originality prevented individuals from becoming mechanical in their actions.

In his support of diversity, Mill explained that when the situation exists where some individuals have an opinion about a subject that is different from the view that is unanimously accepted as correct by the majority, “it is always probable that dissentients have something worth hearing to say for themselves, and that truth would lose something by their silence” (Mill, 1991, p. 54). Mill added that “[individuals’] truths, for the most part, are only half-truths; that unity of opinion, unless resulting from the fullest and freest comparison of opposite opinions, is not desirable, and diversity not an evil, but a good, until mankind are much more capable than at present of recognizing all sides of the

truth,” (Mill, 1991, p. 63). Thus, he defended the diversity of opinion and freedom of expression in the event that the opinion of one deviates from the truth or the opinion of the majority. As such, Mill reached the conclusion that individuals should be able to act upon their opinions, free from any physical or moral impediments from their fellow men or the authority of the state.

Contrary to Mill, Hayek did not discuss the importance of achieving the highest development of individuality; he did, however, defend the achievement of diversity within society as an important aspect of freedom. For example, he rejected the indoctrination of a common or single set of values through the education system, as this represents a threat to diversity. Furthermore, he also considered conscious, central planning as a real threat to the achievement of diversity within society. More precisely, Hayek believed that conscious, central planning would impose certain patterns and standards for the purpose of regulating the choices and activities of people, which would eliminate diversity and lead to uniformity. He stressed the importance of the spontaneous forces of society to the expansion of diversity.

4. 4. Mill on the Role of the State

Mill was of the opinion that identifying the obstacles to freedom and removing the barriers to achieving the highest development of individuality, which requires preserving the advantages of state authority without plunging the state into despotism, were the most difficult and complicated questions in the area of political philosophy. Similar to Humboldt, he found it difficult to determine the exact limits of state action. One thing that is certain is that both Mill and Humboldt believed that when the state does choose to interfere, in many cases, it does so incorrectly and in the wrong activities; therefore, it is necessary to limit the state role in order to ensure free development and allow individuality to flourish.

As for the problems related to the state intervention, Mill opined that “The mischief begins when, instead of calling forth the activity and powers of individuals and

bodies, it [the state] substitutes its own activity for theirs; when, instead of informing, advising, and upon occasion denouncing, it [the state] makes them work in fetters or bids them stand aside and does their work instead of them” (Mill, 1991, p. 127). There were three main conditions under which Mill rejected a role for the state (Mill, 1991, p. 121). First of all, he rejected state interference “when the thing to be done is likely to be better done by individuals than by the government” (Mill, 1991, p. 121). This includes situations pertaining to an individual’s personal interest, such as the initiation of “any business” (Mill, 1991, p. 121). Mill believed that an individual’s “choice of pleasures, and their mode of expending their income, after satisfying their legal and moral obligations to the State and to individuals, are their own concern, and must rest with their own judgment” (Mill, 1991, p.111). In other words, if the state shapes the actions and outward lives of individuals through the use of “inducements” that “are not such as are consentaneous to his own feelings and character (where affection, or the rights of others are not concerned), it is so much done towards rendering his feelings and character inert and torpid, instead of active and energetic” (Mill, 1991, p. 65). In order to ensure that all individuals received a fair opportunity to shape their own lives and actions, “it is essential that different persons should be allowed to lead different lives” without any interference by an external authority (Mill, 1991, p. 70).

The second situation where Mill rejected state intervention pertained to the act of attempting to shape the activities and outward lives of individuals. He was of the opinion that shaping an individual’s activities and outward life involved “the development and practice of individuals’ capacity” (Mill, 1991, p. 121). There are many cases where an individual might fail to achieve the best outcome in their own choice of action. However, this does not mean that the state should take control whenever individuals make mistakes. Mill was of the opinion that individuals have to be left alone even if they cannot make the best choice among the different options that are available to them. In other words, “the state should not intervene to achieve better outcome for them”, as this form of state interference would eliminate the diversity of action and experience (Mill, 1991, p. 121, 122).

Mill further claimed that the individual alone is “the person most interested in his own well-being”; any interest that other individuals might have in his own well being is insignificant in comparison with the interest that he has for himself (Mill, 1991, p. 84). He thought that “the interest which society has in him individually (except as to his conduct to others) is fractional, and altogether indirect: while, with respect to his own feelings and circumstances, the most ordinary man or woman has means of knowledge immeasurably surpassing those that can be possessed by any one else” (Mill, 1991, p. 84, 85). In other words, any external interference intended to “override” an individual’s decision or action will inevitably be “grounded on general presumptions”, which means it cannot represent reality (Mill, 1991, p. 85). Even if these “general presumptions” were accurate, individuals will still have better knowledge about their specific situations compared to that of an external authority. They should be capable of “strengthening their active faculties, exercising their judgment” on their own, which is important for the development of individuality and the diversity of modes of action (Mill, 1991, p. 121). Mill believed that “Human nature is not a machine to be built after a model, and set to do exactly the work prescribed for it, but a tree, which requires to grow and develop itself on all sides, according to the tendency of the inward forces which make it a living thing” (Mill, 1991, p. 66).

Mill’s third reason for rejecting state intervention was related to “adding unnecessarily to [state] power” or the existence of a greater multiplicity of institutions through the creation of new state departments (Mill, 1991, p. 122). Specifically, he stated that, “If the roads, the railways, the banks, the insurance offices, the great joint-stock companies, the universities, and the public charities, were all of them branches of the government; if, in addition, the municipal corporations and local boards, with all that now devolves on them, became departments of the central administration; if the employees of all these different enterprises were appointed and paid by the government, and looked to the government for every rise in life; not all the freedom of the press and popular constitution of the legislature would make this or any other country free otherwise than in name” (Mill, 1991, p. 122, 123).

These concerns raised by Mill were similar to Humboldt's views regarding the problems associated with a greater multiplicity of institutions. More specifically, Humboldt was worried that this would require the creation of new departments and "an incredible number of persons" to work in them (Humboldt, 1969, p. 29). This situation, according to Humboldt, would generate a multiplicity of new relations, which are dependent on foregone measures. In fact, he was very concerned that a greater multiplicity of institutions would affect the development of individuality (Humboldt, 1969, p. 29). In other words, he thought that a greater multiplicity of institutions would make citizens more dependent on state services and programmes. He was also worried that even if those institutions sought to achieve improvements and solve societal problems, there would be a multiplicity of restrictions involved (Humboldt, 1969, p. 30). As a result, he stated: "the liberty of the subject proportionately declines" (Humboldt, 1969, p. 30).

Similar to Humboldt, Mill argued that the existence of a greater multiplicity of institutions through the creation of new state departments would lead to a rise in the bureaucratic and administrative aspects of the state. According to Mill, this situation represents "the greater evil", as expanding the bureaucratic and administrative aspects of the state requires the efficient and scientific organisation of its institutions, like that of machinery. This might require employing all "the high talent of the country...into the service of the government" (Mill, 1991, p. 123). For those highly talented people, "to be admitted into the ranks of this bureaucracy, and when admitted, to rise therein, would be the sole objects of ambition" (Mill, 1991, p. 123). As a result, skilful and efficient public functionaries would follow "indolent routine". That means a greater multiplicity of institutions through the creation of new state departments would engender a form of state that possesses total control over the society. Thus, citizens would look to the state for guidance and instructions on how to live their lives and conduct their activities, and for inspiration to develop their individuality, which would lead to a decline in the creative forces of society. In such a state, citizens would essentially be silenced, as their opinions would not be deemed qualified enough to be heard. Therefore, any reforms or changes would take place only if they served the interests of the bureaucracy (Mill, 1991, p. 124).

Additionally, despite the fact that Mill shared some similar views with Humboldt with respect to the proper role of the state, they did not hold the same opinions regarding the limits of state actions. Similar to Humboldt, Mill was opposed to the state using inducements or coercion for the purpose of shaping the activities and outward lives of individuals; however, he thought that the development of individuality might require some state interference to provide some of the conditions needed to achieve the self-development that individuals are lacking (Mill, 1991, p. 127). Therefore, Mill's adoption of Humboldt's ideas pertaining to self-development and the provision of opportunities for the achievement of self-development engendered "a justification of an active role for the state in promoting the general public welfare" (Roberts, 2008, p. 102). More precisely, Mill advocated for reforming the institutions of the state in order to provide favourable conditions for the highest self-development of individuals. This is because he was of the opinion that individuals needed to be taught to make a better use of their particular circumstances, via state interference if necessary. For example, he believed that the possession of private property was necessary for the achievement of self-development and, as a result, he defended state interference in the distribution of property ownership. His rationale was that he believed that private property ownership would stimulate the self-development of individuals. At the same time, however, he rejected "public ownership and planned economies because he is convinced that competition is vital to effort and efficiency" (Smith, 1984, p. 207).

In his defence of the state providing some of the conditions needed to achieve the self-development that individuals are lacking, Mill argued that the government plays an important role in promoting "good qualities in the governed, collectively and individually", which contradicts the views that Humboldt expressed in *The Limits of State Action* (Gray, 1991, p. XXI). More specifically, Mill was of the view that the state can make the best use of an individual's actual virtues and excellences, while simultaneously acting to "enhance or enlarge those excellences". For example, he defended the view that the state should support "the general mental advancement of the community, including under that phrase advancement in intellect, in virtue, and in practical activity and

efficiency” (Gray, 1991, p. XXII). That means a state that provides health care services, education¹⁰⁷, and various forms of social security would be justified according to Mill, as he regards such services and programs as instrumental for achieving the development of individuality over the long-term. However, despite his defense of different forms of social security, he did not think that the state or its institution could do anything to permanently achieve the development of individuality.

Among the different social services and programs provided by the state, Mill’s liberalism, similar to that of Humboldt’s liberalism, regarded education as one of the most important aspects of the achievement of the highest development of individuality. Mill was of the view that parents should provide an education for their children, as he stated that “one of the most sacred duties” of parents is to provide an education for their children and that the failure to do so constitutes “a moral crime” (Mill, 1991, p. 117). For this reason, Mill advocated for the state to provide a certain level of education for all children (Mill, 1991, p. 117). Mill went on to state that if it were proven that a certain child was uneducated, then “the father, unless he has some sufficient ground of excuse, might be subjected to a moderate fine, to be worked out, if necessary, by his labour, and the child might be put to school at his expense” (Mill, 1991, p. 118). Still, he maintained that it should be left up to the parents to make the “choice to accept it or not when it is provided gratis”; in the event that the parents do not have the means by which to provide any education whatsoever, then the state needs to pay “the entire school expenses of those who have no one else to pay for them” (Mill, 1991, p. 117).

Even though Mill defended state intervention in the case of parents failing to provide an education for their children, he was conscious of the fact that this is a very delicate topic, and was very careful to propose a form of state intervention that would not intervene with the development of individuality. He was of the opinion that if “the duty of enforcing universal education once admitted, there would be an end to the difficulties about what the State should teach, and how it should teach” (Mill, 1991, p. 117). Mill did

¹⁰⁷ Although Mill was against a national system of education, as he believed that it represented a threat to the achievement of diversity, he would not object to an education system financed by the state to provide the conditions necessary for the development of people’s abilities, intellects, and capacities. However, he maintained that the role of the state should not go beyond financing education.

not believe that there was any reason to object to the “enforcement of education by the State”, however, he thought that problems would arise if the state were to exercise direct control over the entire system of education (Mill, 1991, p. 117). Total state control over the education system represents a threat to the free development of individuality, as well as the diversity of opinion, character, faculties, skills, and “modes of conduct” (Mill, 1991, p. 117). According to Mill, “a general State education is a mere contrivance for moulding people to be exactly like one another...[and] it establishes a despotism over the mind, leading by natural tendency to one over the body” (Mill, 1991, p. 118).

Mill was of the view that if a society was “unable to provide for itself any proper institutions of education, unless the government undertook the task”, then it would be perfectly acceptable for the state to provide a system of education for its citizens (Mill, 1991, p. 118). However, he also emphasized that “an education established and controlled by the State, should only exist, if it exist at all, as one among many competing experiments, carried on for the purpose of example and stimulus, to keep the others up to a certain standard of excellence” (Mill, 1991, p. 118).

It is evident that the role of the state in Mill’s liberalism was unlike those of Humboldt and Hayek, as the type of government that he formulated not only promotes and secures freedom, but also “the development of the citizenry” so as to allow them to participate in the institutions of the state. Even though Mill has been accepted as a major contributor to liberal principles, some of his views pertaining to the state, such as promoting “good qualities in the governed, collectively and individually”, diverged from some of the ideas of classical liberalism. The main difference relates to his defence of an active state to counteract some of the destructive aspects of industrial capitalism. To be more precise, Mill defended the notion of reforming the institutions of the state in order to counteract “the harmful effect of industrial capitalism” and free trade (Roberts, 2008, p. 102). This is because he believed that industrial capitalism and free trade had the potential to encourage purely selfish misconduct, which impacts the private spheres of individuals, as well as the development of their individuality. Therefore, based on his view, state actions are required to provide an adequate level of economic development for

individuals who suffer the consequences of industrial capitalism and free trade. That means Mill's liberalism justifies state intervention in cases where the objective is to combat "the harmful effect of industrial capitalism", even if this intervention violates "traditional individual liberties (Roberts, 2008, p. 102).

Even though Mill took some of the dangerous and destructive aspects of industrial capitalism into consideration and defended state interference in order to produce the conditions of freedom, including "general public welfare", virtuous behaviours¹⁰⁸, and the intellectual and spiritual advancement of citizens, he nevertheless defended the diversity of education, beliefs, moral values, cultural practices, ideas, and lifestyles. Thus, he objected to all instances of states imposing certain types of education, beliefs, moral values, cultural practices, and lifestyles. He believed that freedom is necessary in order to choose one's own education, lifestyle, moral values, and cultural practices based on one's own conscience, intellect and reasoning. He cared more about free development and the flourishing of individuality as opposed to the achievement of common ends by the state authority¹⁰⁹. In other words, he rejected the imposition of one-sided opinions by the state authority, which he associated with conformity, preferring diversity and having opportunities to make alternative choices. Mill emphasised that the grounds for an individual opinion, action or goal needs to originate from an individual's own reason; if a person adopts an imposed view or opinion, then "his reason cannot be strengthened, but is likely to be weakened by his adopting it" (Mill, 1991, p. 65).

Much like Humboldt, Mill supported the development of individuality; nonetheless, he was opposed to its positive achievement via external interference. Despite his opposition to state interference intended to support the development of individuality, he believed that the state needed to remove any barriers that hinder free choice. In other words, he sought a system where individuals wishing to use existing opportunities to

¹⁰⁸ Even though Mill thought the state should not intervene to impose certain moral values in the society, he defended the notion of the state imposing "restrictions" in order to prevent the promotion of "intemperance [that] is a real evil", particularly in cases where it infringes on "legitimate liberty". An example would be Mill's opposition to "gambling houses" (Mill, 1991, p.111).

¹⁰⁹ Mill was not concerned about the achievement of predetermined goals and ends by a central authority; however, he supported the achievement of a common end without any form of intervention. Mill thought that individuals would pursue their particular goals and ends in their private spheres; in the public sphere, however, which includes participation in the political institutions of the state, individuals would "acknowledge a communality of interests" (Gray, 1991, p. XXIII). In other words, Mill thought that it was possible to achieve the common good in spite of the existence of diversity in the opinions, lifestyles, actions, and goals in each individual's life.

achieve their highest self-development should be able to do so without violating the freedoms of others. That is to say, the opportunity of choice should be available to all individuals that want to pursue their own ends and goals at their own pace and in their own way. In his defence of state intervention, Mill was trying to formulate a state that aims to benefit individuals when they are not able to achieve certain ends necessary for the development of their individuality. This active role for the state in Mill's political philosophy far exceeds the role that British liberalism attributed to the state. In fact, it is very much in line with German Idealism.

4. 4. 1. Mill's State and Perfectionism¹¹⁰

Mill's state, contrary to those proposed by Humboldt and Hayek, might be regarded as a perfectionist state, even though Mill himself was opposed to perfectionism in the sense of achieving a final set of goods for all. Mill believed that the government should make the "best use of the virtues and excellences present in people, and at the same time acts to enhance or enlarge those excellences" (Gray, 1991, p. XXII). This is much like earlier versions of perfectionism, including perfectionism in the Aristotelian tradition. In fact, Mill's conception of achieving the highest self-development and perfection via state interference constitutes the primary difference between his idea of perfectionism and that of Humboldt.

Contrary to Humboldt, who derived his version of perfectionism from Leibniz, Mill was influenced by earlier conceptions of perfectionism, as he seems to have adhered to the Aristotelian tradition on the subject. More precisely, Mill's criticisms of the destructive consequences associated with "the pursuit of excessive wealth" engendered by the industrial revolution appear to have been derived from Aristotle's criticisms of "the pursuit of excessive acquisitiveness". That means Mill's recognition of the destructive consequences of industrialization, as well as the fundamental social economic

¹¹⁰ "Perfectionism is the doctrine that the development of certain capabilities is of intrinsic and not merely instrumental value; and that it is of supervening value, providing the appropriate and predominant end for ethical orientation" (Moggach, 2010, p. 279).

changes that occurred in Europe as a result of the division of the labour force, engendered a revival of the Aristotelian tradition in Mill's political economy.

Mill's perfectionism was primarily derived from Aristotle; however, he also combined it with consequentialism, which is based on achieving material, intellectual and physical perfection via state intervention. That means Mill's perfectionism not only relies on the "self-directed" efforts of individuals; it also requires co-operation on the part of citizens through state interference. Furthermore, according to him, the achievement of the highest self-development, which includes development of physical and intellectual capacities, also requires state interference.

There are a number of similarities between Mill and Christian Wolff's interventionist states that seek to attain perfectionism, as both thinkers viewed the achievement of perfection as being related to state intervention for the purpose of achieving the common good. One of the striking parallels between their views was related Mill's support for the redistribution of private property via state interference in order to achieve self-development and Wolff's support of the redistribution of property via state interference to ensure perfection. These similarities created major divergences between Mill and Humboldt's versions of liberalism, as Humboldt's concept of the state was developed, in part, as a reaction against Wolff's interventionist state designed to achieve material, intellectual and physical happiness or perfection.

Humboldt and Hayek viewed many of the forms of state interference that Mill defended as obstacles to the achievement of freedom on the part of individuals, as both of them believed that freedom and external interference in the private spheres of individuals to achieve the common good could not coexist. Both Humboldt and Hayek regarded this kind of state interference as illegitimate, because they believed state action should be neutral regarding the private spheres of individuals. Mill's defence of state interference to attain the highest achievement of individuality meant that his conception of freedom included both positive freedom (as self-determination) and negative freedom, while Hayek's version consisted of only the negative form. Meanwhile, Humboldt's conception

of freedom is a bit more complicated, as he defended the achievement of self-determination as an important component of freedom and sought to limit the role of the state within society. As Douglas Moggach underlined in “Freedom and Perfection: The German Debate on the State in the Eighteenth Century” (2009), “[Humboldt] develops Kant in a classically liberal direction” (Moggach, 2009, p. 17). In other words, Humboldt’s efforts to limit the role of the state so as to achieve the highest self-development was inherited from “the Kantian critique of Wolffian perfectionism”, which basically restricted the state role “beyond the minimum required to protect individual rights and property” (Moggach, 2009, p. 17).

Mill’s defence of state interference to counteract some of the destructive aspects of industrial capitalism, social inequality and the condition of “the unskilled laborer”, which aims to provide favourable conditions that would allow all individuals that comprise the society to achieve the highest self-development, is not in conflict with the views that Humboldt expressed in *The Limits of State Action* or in his later writings in the 19th century. In fact, when he published his later work, Humboldt was no longer “an opponent of the state”, instead becoming “a supporter of the importance of national culture”. More precisely, in his later writings, Humboldt supported a state role in terms of providing certain opportunities that he considered important for the formation of individual capacities, so as to allow for the achievement of the highest self-development.

4. 4. 2. Mill’s Defense of State Interference

Hayek and Mill contributed to the development of liberalism and both were influenced by Humboldt’s political philosophy. However, it is difficult to discern Hayek’s precise view of Mill, as he considered Mill to be an important contributor to liberalism in *The Constitution of Liberty*, while he was highly critical of Mill’s liberalism in some of his other works. For example, Hayek described some components of Mill’s liberalism as “alien to the genuine liberal tradition” and claimed that some of Mill’s views influenced “the degeneration” of “classical liberalism” (Gray, 1986, p. 95, 96). Furthermore, he considered Mill’s defense of state interference and “advocacy of social

and distributive justice” to be the equivalent of advocating for socialism¹¹¹ (Farrant, 2011, p. 1). However, in other instances, Hayek regarded Mill as “a real liberal” and not “as the greatest advocate of socialism” (Caldwell, 2008, p. 691). Thus, it is evident that Hayek’s views on Mill were quite inconsistent. However, Bruce Caldwell (2008) argued that many of Hayek’s opinions on Mill were not at all inconsistent, because his views at any given time were shaped according to “the sort of project he was working on” (Caldwell, 2008, p. 702).

Hayek viewed Mill’s defense of the highest development of individuality, as well as his support for distributive justice and a state role in its achievement, as equivalent to supporting “wide- reaching institutional change” for the purpose of achieving a constant improvement of individuality (Farrant, 2011, p. 84). Hayek, to the contrary, did not attribute any importance to the notion of social and distributive justice as a proper concern of the state. In fact, he argued against them on many occasions. He was also strongly opposed to the achievement of the highest development of individuality via state interference. He claimed achieving social justice based on Mill’s political philosophy required state involvement in redistributing income and wealth. Hayek often explained that such a redistribution of income would require centralized, rational planning on the part of the state, which represents a threat to the achievement of freedom. He further argued that Mill was essentially trying to achieve unity between classical liberalism and socialistic ideals, which are irreconcilable.

Even though the goal of this chapter is not to discuss whether or not Hayek was correct in his accusation that Mill was an advocate of socialism¹¹², it is worth mentioning that it is not entirely clear why Mill would want to radically change societal rules and laws in order to achieve socialist goals, such as a just distribution of wealth and income. Mill’s writings make it explicitly clear that he was very concerned with social inequality and the condition of “the unskilled laborer”. Specifically, he thought that “the real

¹¹¹ Hayek argued that the weaknesses in Mill’s ideas were due to the influence of “French Positivism and German Romanticism” (Gray, 1986, p. 96).

¹¹² Mill’s defense of social justice could be interpreted as “the highest category of utility *and by which he understood respect for individuality to be satisfied by equality of opportunity*” (Farrant, 2011, p. 107). In other words, his defense of “social and distributive justice” was related to “the very *meaning* of Utility, or the Greatest Happiness Principle” (Farrant, 2011, p. 107).

hardship of social inequalities to the poor... is not that men *are* unequal, but that they are born so; not that those who are born poor do not obtain the great objects of human desire unearned, but that the circumstances of their birth preclude their earning them...the higher positions in life...can not only be obtained by the rich...but...none, as a rule, except the rich, have it in their power to make themselves qualified (Mill 1967 [1869]: 628)” (Farrant, 2011, p. 113). Furthermore, Mill also stated that the “laws of property...have not held the balance *fairly* between human beings, *but have heaped impediments upon some, to give advantage to others*; they have purposely fostered inequalities and prevented all from starting *fair* in the race” (Farrant, 2011, p. 114). Contrary to Mill’s views regarding the different forms of injustice in society, Hayek thought that it while it may be somewhat of a “misfortune to have been born...in a village where for most *the only chance of making a living* is fishing...*it does not make sense to describe this as unjust*” (Farrant, 2011, p. 114). In other words, Hayek believed that the unequal distribution of income and its consequences had nothing to do with justice or injustice; they are simply outcomes of spontaneous order or misfortune. To be more precise, Hayek did not attribute any importance to the notion of social and distributive justice; inequalities in terms of income and wealth did not represent a form of injustice at all in his opinion.

Hayek argued that achieving the equality of opportunity and distributive justice was not an intention of liberalism. Thus, he claimed that that Mill “provided intellectual groundwork for the adoption of the interventionist and socialistic legislation that ultimately led to the contemporary mixed economy and welfare state” (Farrant, 2011, p. 1). Contrary to Hayek’s accusations, however, Mill’s socialist views are associated with “syndicalism rather than socialism” (Farrant, 2011, p. 82). Similarly, Andrew Farrant (2011) described any “suggestion that Mill was the ‘great advocate of socialism’ as ‘a grotesque overstatement indeed’” (Farrant, 2011, p. 82).

It is entirely possible that Hayek’s rejection of Mill’s support for so-called socialist elements could have been related to his own mission against the totalitarian regimes of the 20th century. However, it appears as though Hayek failed to understand

that Mill rejected “public ownership and planned economies” and believed that a communist system is inconsistent with “multiform development of human nature”, “diversity of tastes”, skills, characters, intellect, practices, and talents, all of which are important for progress and the development of individuality. More precisely, Mill was opposed to the concept of giving a social engineer absolute authority over rationally planning and shaping a society based on the just distribution of income. Furthermore, he did not advocate for the homogeneity of society through the achievement of equality of opportunity and distributive justice; rather, he sought heterogeneity, which would be the outcome of the diverse or particular circumstances of individuals’ lives, activities, culture, values, customs, etc. According to Mill, a state under a communist system would aim to achieve homogeneity or uniformity in terms of education, skills, culture, thoughts, feelings, activities, etc., which would eventually eliminate diversity, and the unique development of individuality.

Mill also argued that, under a communist system, there would be no incentive for ordinary workers to improve their situation (Farrant, 2011, p. 101). According to him, communist systems are “impractical on anything other than a small scale” (Farrant, 2011, p. 105). Therefore, Mill reached the conclusion that “*Communism has no advantage which may not be reached under private property*, while as respects the managing heads it is at a considerable disadvantage” (Farrant, 2011, p. 103). Mill was very explicit in his views that any effort to achieve distributive justice via absolute authority of the state under a socialist or communist system, such as regulating wages, is “neither practicable per se nor desirable” (Farrant, 2011, p. 110). That means that, even though Mill defended an active state role in counteracting some of the destructive aspects of industrial capitalism and social inequality, he was strongly opposed to dictating or coercing any individual for the purpose of achieving distributive justice. Much like Humboldt, he was opposed to the state interfering in the lives and activities of individuals, instead favoring the notion of individuals making mutual and voluntary contributions to each other’s development and improvement.

It appears that Mill, unlike Humboldt and Hayek, possessed a very nuanced view of the role of the state. Despite the fact that all three were in agreement on the subject of non-interference by the state, Mill's conception of freedom did require an interventionist state. For example, despite his commitment to liberal ideas, Mill justified state interference beyond the prevention of harm and the protection of individual freedom. His views were likely shaped by his observations of how impoverished masses of the working class lacked the possibility of a freedom as a result of changes in the social and economic environment, as well as the situation within industrial capitalism. According to him, "as long as workers are sunk in poverty...they will remain incapable of appreciating for themselves the means of their own salvation" (Smith, 1984, p. 206). In response, Mill advocated for positive intervention; more precisely, he formulated a state that promotes human excellence, "the general mental advancement of the community", and public welfare. As a result, Mill did not consider state intervention to be a threat to the development of individuality; instead, he regarded it as necessary to ensure the conditions needed for the development of individuality.

In order to understand properly the differences between the role of the state in the respective versions of liberalism put forth by Mill, Humboldt, and Hayek it is important to bear in mind that Humboldt's *The Limits of State Action* was written when he was very young; it would not be considered part of his mature writings. Mill seemed to be conscious of the fact that Humboldt wrote *The Limits of State Action* when he was very young and he took that into consideration in *On Liberty*, where he tried to reconcile some of Humboldt's concepts pertaining to freedom and the role of the state with the conditions and problems of his own time. More specifically, Humboldt was not exposed to industrial capitalism when he formulated his concepts of freedom and the role of the state in 1790, which meant he did not have the opportunity to explore the negative consequences associated with industrial capitalism. If Humboldt had been exposed to "the harmful effect of industrial capitalism", then it is entirely possible that he would also support state intervention for the purpose of promoting the conditions of freedom.

A generation later, Mill, who derived some of the fundamental elements of his concept of freedom and role of the state from *The Limits of State Action*, was able to conceive a role for the state by taking some of the destructive aspects of industrial capitalism into consideration. Contrary to Humboldt, however, Hayek was very familiar with the detrimental features of free market capitalism, but he nonetheless neglected to take Mill's support for state intervention into consideration for the purpose of offsetting the detrimental features of free market capitalism. Hayek utilised certain opinions that Mill put forth in *On Liberty* that corresponded with and strengthened his own arguments, while simultaneously opposing important ideas, where Mill's opinions on socialism, capitalism, and freedom completely contradicted those of Hayek. In fact, Hayek rejected Mill's defence of "social justice" as well as some of his "concessions to nationalism, and socialism" (Gray, 1986, p. 95).

While Humboldt, Mill and Hayek were all conscious of the fact that it is difficult to determine precisely where the exact limits of state action should lie, they did believe that state interference should not be conducted in a manner that represents a threat to individual rights and freedoms. Despite the fact that they all heavily criticized different types of state interference in a society, none of them advocated for the complete absence of any state role whatsoever. All three permitted the state to play an important role in guaranteeing security against both coercion of citizens and threats from foreign enemies, while not restricting the freedom and security of its citizens. Furthermore, Hayek also attributed a major role to the state in cases of natural catastrophic events, and in facilitating voluntary interaction and relationships. However, Humboldt associated such forms of state intervention with interfering in the "positive welfare" of citizens, which is hurtful and irreconcilable with freedom.

4. 5. Mill on the Historicist Approach

Another important similarity between the political philosophies of Mill and Hayek was related to their opposition to the historicist approach. More precisely, they all argued against the existence of general rules, laws and principles aimed at explaining the

evolution or progress of society. However, contrary to Hayek, Mill did not have such reservations about the historicist approach in his early writings. For example, in *On the Logic of the Moral Sciences* (1843), Mill expressed support for the establishment of social laws similar to those of the natural or physical sciences (Roberts, 2008, p. 84). More specifically, he argued that “social laws” would “enable man to control his destiny and ensure progress” (Roberts, 2008, p. 84). In *On Liberty*, however, Mill altered his views and rejected the “increased regularity of conduct”, as well as the prescription of principles, rules and laws aimed at achieving predetermined rational goals.

More precisely, in *On Liberty*, Mill criticized the prescription of general rules of conduct, in addition to any attempts to “make every one conform to the approved standard” in order to achieve progress and evolution of society (Mill, 1991, p. 77). According to him, the social planners who believed they could find the magic rules and principles to achieve evolution or discover “the secret of human progressiveness” were mistaken, as the imposition of such imperatives on a society would engender a situation where development would become “stationary” and the society would cease improving itself (Mill, 1991, p. 80). Mill was of the opinion that by applying the same rules and principles to the actions and lives of every individual, which basically amounts to “governing their thoughts and conduct by the same maxims and rules”, the social planners would essentially make all people alike and engender the homogeneity of society (Mill, 1991, p. 80). As a result, society would be devoid of diversity, causing it to stop improving or experiencing progress (Mill, 1991, p. 80).

Mill further argued that “there is no reason that all human existences should be constructed on some one, or some small number of patterns” (Mill, 1991, p. 76). As an alternative, he defended the unique development of each individual based on his or her own personal experiences and faculties. Mill was of the opinion that the existence of “diversities of taste¹¹³” is a sufficient reason “for not attempting to shape” people’s lives and actions based on “one model” or “small number of patterns” and general rules and

¹¹³ Mill placed a high value on the diversity of individual taste, which is related to the different conditions and situations that individuals face in their lives, their spiritual development, and their different moral practices.

principles of development (Mill, 1991, p. 76). In his arguments against prescribing patterns or general rules and principles to all members of society to achieve the common good, he explained that it was entirely possible for the “same things which are helps to one person towards the cultivation of his higher nature, are hindrances to another. The same mode of life is a healthy excitement to one, keeping all his faculties of action and enjoyment in their best order, while to another it is a distracting burden, which suspends or crushes all internal life” (Mill, 1991, p. 76).

Similar to Hayek and Humboldt, Mill also argued against the existence of general rules, laws and principles intended to explain the evolution or progress of a society; all three maintained that there could be no predetermined limits to human evolution or progress. In other words, they considered progress to be continuous and infinite; there will always be new truths, discoveries, and more “enlightened conduct”. Furthermore, according to them, evolution, or progress, is related to new or unprecedented situations and circumstances for which prevailing opinions or modes of thought could not provide a solution or explanation. When a new set of rules and traditions are developed in order to solve problems related to these new and unprecedented situations and circumstances¹¹⁴, progress occurs. Contrary to the defenders of the historicist approach, Humboldt, Mill and Hayek maintained that this type of progress or evolution is based upon unexpected, unpredictable, and unstructured patterns.

Furthermore, in their arguments against prescribing a number of patterns or general rules and principles to all members of society to achieve a common good, Humboldt, Mill and Hayek often spoke of the importance of spontaneous order to the achievement of freedom. They all considered the development of culture, traditions, moral values, rules of conduct, and progress in a society to be outcomes of spontaneous

¹¹⁴ Humboldt, Mill and Hayek believed that traditions and customs are subject to change, as certain traditions or customs could be suitable in certain circumstances and unsuitable in others. As a result, people spontaneously evaluate traditions based on the appearance of new circumstances. In fact, Mill was of the opinion that “even occasionally an intelligent deviation from custom is better than a blind and simply mechanical adhesion to it” (Mill, 1991, p. 66). Both Humboldt and Mill emphasized the point that it was essential for new generations not to ignore previous traditions, customs and practices. Mill stated that “it would be absurd to pretend that people ought to live as if nothing whatever had been known in the world before they came into it” (Mill, 1991, p. 64). Humboldt, Mill and Hayek regarded the development of culture, traditions, moral values, rules of conduct, and progress in a society as outcomes of spontaneous forces.

individual actions and social relations, as opposed to being imposed by an external authority from above.

Mill was particularly concerned with the decline of spontaneity within society¹¹⁵, as evidenced by his complaint that “individual spontaneity is hardly recognized by the common modes of thinking, as having any intrinsic worth, or deserving any regard on its own account” (Mill, 1991, p. 63). He explained that, in the past “there has been a time when the element of spontaneity and individuality was in excess, and the social principle had a hard struggle with it” (Mill, 1991, p. 67). Over time, however, the situation had changed and the problem was no longer “the excess, but the deficiency, of personal impulses and preferences” (Mill, 1991, p.68).

Mill was of the opinion that the majority of people did not fully understand the significance of spontaneous forces in society, especially “moral and social reformers” who did not consider “spontaneity” to be an important aspect of development, progress, and freedom. He basically argued against rules and laws imposed by “moral and social reformers”, which he believed would require coercion, conformity or dictating people’s personal lifestyles, choices, opinions, values, and goals, because they would essentially eliminate the role of spontaneous order. Instead of rules and laws imposed by “moral and social reformers”, he supported the spontaneous choice of action on the part of individuals according to their personal choices, which are based on their own faculties, experiences, judgements, etc.

4. 6. Mill on the Legal Framework

Even though Mill highly valued the role of spontaneous forces in the achievement of freedom, he did not regard freedom as a matter of people spontaneously doing whatever they felt like without any restrictions or limitations. That means, despite his passionate arguments for the notion of freedom being related to spontaneous forces, and

¹¹⁵ When Mill was discussing the decline of spontaneity, he also complained about censorship, as evidenced by his statement that, “In our times, from the highest class of society down to the lowest every one lives as under the eye of a hostile and dreaded censorship” (Mill, 1991, p.68).

for having access to the widest range of opportunities in a variety of actions, Mill sought to formulate a system where some restrictions were also present. This suggests that he was not only concerned about limiting state actions so as to achieve the highest self-development, but that he was also worried about other constraints related to individuals' actions. As a result, Mill defended the existence of a legal framework and a powerful police tasked with protecting the rights and freedoms of citizens. In other words, when the misbehaviour of a person affects, harms, or violates other people, then the legal framework and police would play a role. However, he argued that the legal framework and police should not restrict the development of individuality, but secure and maintain it.

In other words, even though Mill defended the development of individuality, he acknowledged that a “conflict of interest” could emerge between individuals as a result of a certain choice of action, which could present a major problem for the achievement of freedom. Therefore, achieving the development of individuality in a free society requires that each individual “should be bound to observe a certain line of conduct towards the rest” (Mill, 1991, p. 83). That means achieving the development of individuality does not entail satisfying the widest range of individual desires. For this reason, Mill put a great deal of effort into developing a concept of freedom that promotes and protects the development of individuality; as such, he sought to limit freedom via a legal framework in cases where one's desires, actions and decisions intervene with the enjoyment, interests, and opportunities of others. On this subject, he stated that “Acts of whatever kind, which, without justifiable cause, do harm to others, may be, and in the more important cases absolutely require to be, controlled by the unfavorable sentiments, and, when needful, by the active interference of mankind” (Mill, 1991, p. 62). More precisely, if one's actions intervene with the private spheres and freedoms of others, meaning these actions cause damage to either an individual's rights or to the public, then limits need to be established for the rights and actions of individuals. Limiting individual rights requires inhibiting those inclinations of people that represent threats to the development of another person's individuality via “physical force in the form of legal penalties”.

Mill argued that if an individual is compulsive, stubborn, unable to limit himself from “hurtful indulgences”, and “pursues animal pleasures at the expense of those of feeling and intellect”, it is likely that other members of society possess a low opinion, unfavourable sentiments, and an “unfavourable judgment” of that person. However, if their actions are harmful and infringe upon the rights of others, then punishment by the rule of law is required (Mill, 1991, p. 87). In other words, “If, for example, a man, through intemperance or extravagance, becomes unable to pay his debts, or, having undertaken the moral responsibility of a family, becomes from the same cause incapable of supporting or educating them, he is deservedly reprobated, and might be justly punished; but it is for the breach of duty to his family or creditors, not for the extravagance” (Mill, 1991, p. 90).

Mill was of the opinion that limited individual actions and inclinations through a legal framework would allow people to enjoy a richer life. Additionally, such a legal framework would lead to the realization of “the better development of the social part” of human nature (Mill, 1991, p. 70). In other words, within the legal framework, the lives of individuals can become “diversified, and animating, furnishing more abundant aliment to high thoughts and elevating feelings, and strengthening the tie which binds every individual to the race, by making the race infinitely better worth belonging to” (Mill, 1991, p. 70).

Furthermore, Mill believed that even if the actions of an individual only harm himself, this person cannot be considered completely isolated; he might also directly or indirectly affect lives of others. Mill explained that, by harming himself, the individual “disqualifies himself for rendering the services which he owes to his fellow-creatures generally; perhaps becomes a burden on their affection or benevolence” (Mill, 1991, p. 89). He also explained that the fact that a person harms himself or wastes his life by “mismanagement” does not give other members of the society permission to “spoil” his life further or “treat him like an enemy” (Mill, 1991, p. 88). The person who spoils his life should not be punished; rather, his punishment has to be alleviated by “showing him how he may avoid or cure the evils his conduct tends to bring upon him” (Mill, 1991, p.

88). Therefore, the personal conduct of an agent cannot be officially prohibited if said agent only harms himself. It is only when these actions intervene with the rights of others that they should be legally prohibited.

Similar to Hayek and Humboldt, Mill believed that laws aimed at restricting or limiting the actions of individuals needed to be abstract, predictable and known to all members of society. All three thought that the laws needed to be equally applied to everybody without exception, the governed as well as the governors, without favoring the interests of particular classes or groups. That means they all agreed that the actions of individuals, as well as those of the state, had to be limited according to abstract, predetermined, foreseeable and known rules. Furthermore, much like Hayek and Humboldt, Mill maintained that those abstract, predetermined, foreseeable and known rules and laws of society needed to be shaped by “the legislature”; additionally, “the central administrative authority” has to watch “their execution, and if they were not properly carried into effect, appealing, according to the nature of the case, to the tribunal to enforce the law, or to the constituencies to dismiss the functionaries who had not executed it according to its spirit” (Mill, 1991, p. 127). Indeed, Hayek, Humboldt, and Mill shared similar views about the importance of the rules and laws of society in ensuring security and freedom. They all agreed that a legal framework is necessary in order to draw the boundaries of freedom.

4.7. Conclusion

The goal of this chapter was to show that, despite differences in Hayek and Mill’s respective versions of liberalism, the original intellectual sources for both of their work on the subject can be traced back to Humboldt. Specifically, one of the most important components of each of their political philosophies relates to their support for spontaneous order and rejection of the rational organization of society for the purpose of achieving progress and evolution. They regarded institutions of the state as outcomes of an undirected, evolutionary process, which is the result of spontaneous forces as opposed to being the design of a social engineer. That means social ends, as well as progress, are

basically achieved through the unintentional evolution of individuals' actions and interactions over the course of history.

Another important point of agreement with respect to their defence of spontaneous forces was related to Humboldt, Mill and Hayek's rejection of the historicist approach, which advocates for the existence of "discoverable final truths", laws, rules and principles of history aimed at achieving predetermined rational goals. For them, the historicist approach represented a danger to the evolution and progress of the society. In rejecting the historicist approach, all three of them emphasised the point that there was not only one single way of life that everybody needed to conform to. To the contrary, they were aware of the fact that all individuals are different in their natural endowments and capacities, and possess diverse interests, tastes and desires. Furthermore, Humboldt, Mill and Hayek agreed that people make errors and mistakes, because they are unable to accurately predict the consequences of their own actions. They also believed that a social engineer or planner cannot possibly know what is best for each individual in the society and, as a result, they should not decide what kinds of activities individuals should be doing in their private spheres.

In addition to their opposition to the historicist approach, Humboldt, Mill and Hayek rejected any forms of coercion, either by other individuals or by the state, that deny the rights of individuals. It is not surprising that that their respective concepts of freedom included negative liberty, which was an important component of 19th century British liberalism. However, Mill's concept of freedom also included positive freedom, as he, contrary to Humboldt and Hayek, justified state interference in order to counteract "the harmful effect of industrial capitalism", and to promote the highest development of individuality. He advocated for state intervention to promote the conditions of freedom, including "general public welfare", virtuous behaviours, and the intellectual and spiritual advancement of citizens. More precisely, Mill's version of the state, unlike those of Humboldt and Hayek, might be regarded as a perfectionist state in the sense of achieving a set of final goods for all.

Despite the fact that Hayek allowed for the provision of a minimum level of guaranteed income for people in need, in addition to universal education for those who may not otherwise have the opportunity to obtain an education, he was strongly opposed to Mill's version of the state in terms of promoting the conditions of freedom. In fact, Hayek associated Mill's version of the state with distributive justice, and argued that such a state would require a strong state authority. According to Hayek, advocates of distributive justice confuse freedom with having the ability or resources to do something. In other words, he believed that the unequal distribution of wealth and income resulting from the free marketplace did not constitute an obstacle to the achievement of freedom.

Hayek maintained that it was not the state's responsibility to ensure equality and justice. In fact, he was of the opinion that justice had nothing to do with the creation of new privileges aimed at equalizing people's abilities and incomes in order to achieve freedom. According to him, even though distributive justice may value the achievement of social freedom or collective freedom, it does not promote the conditions of individual freedom. In fact, he thought that it represented a real threat to the freedom of action, as well as the freedom of opinion, and he often argued that the achievement of distributive justice did not constitute a part of liberalism. Thus, Hayek reached the conclusion that distributive justice only has meaning under the command system; it can have no meaning under spontaneous order.

Contrary to Hayek, Mill's version of the state was strongly related to the achievement of the highest development of individuality, in that it promoted the conditions of freedom. The fact that Mill's concept of freedom included the notion of attaining the highest self-development, as well as the fact that he attributed a role for the state in its achievement, meant that his views were more in line with those of German Idealism and contrary to British liberalism. In a sense, Mill's liberalism was a synthesis of 19th century British liberalism and the German Idealism that prevailed in both the 18th and 19th centuries; this synthesis of two different views has been regarded as an ambiguity in his political philosophy that could constitute an important topic of research for political philosophers.

In addition to the influence of German Idealism in terms of the importance he attributed the development of individuality and the spontaneous forces of society, Mill also shared similar opinions with Humboldt about harmonious relationships within the community. While Hayek, contrary to Mill and Humboldt, did not explicitly defend harmonious relationships in the community, he nonetheless emphasised the importance of sympathy within a society. More precisely, he shared a common understanding of human nature as social beings with Mill and Humboldt. He also rejected individualism or the view that individuals are isolated from each other and pursue the maximization of their personal self-interests. He explained that sympathy plays an important role in understanding the world that people live in.

Examining the similarities between Mill and Humboldt's conceptions of freedom and their respective influences on Hayek's ideas pertaining to freedom and the role of the state has led me to conclude that Hayek utilized the ideas of these two well regarded thinkers in a very selective manner so as to support and strengthen his own arguments regarding the concept of freedom, and reinforce his defence of free market capitalism and liberalism. In actuality, many of the ideas that he defended were similar to those put forth by Humboldt and Mill with regards to the concept of freedom and its components. However, he rejected the notion of the highest self-development, which was an important component of freedom according to the views of both Mill and Humboldt. Hayek also rejected Mill's view that the state had a role in preventing harmful activities and securing the conditions required for the highest development of individuality, even if it necessitated taking actions that violated "traditional individual liberties" (Roberts, 2008, p. 102).

Hayek rejected Mill's solution for the detrimental features of industrial capitalism, describing it as "alien to the genuine liberal tradition". Contrary to Hayek, however, it is entirely possible that Humboldt could have agreed with Mill's views about the detrimental features of industrial capitalism if he had been exposed to them during his lifetime; this view is based on the fact that Humboldt changed his ideas regarding the

state in his later works. Contrary to the views he expressed in *The Limits of State Action*, Humboldt no longer considered himself “an opponent of the state” in his later work; instead, he regarded himself as “a supporter” of providing certain opportunities that are important for the formation of individual capacities (Roberts, 2008, p. 49). It seems that Mill took into some of Humboldt’s views from *The Limits of State Action* into consideration when he wrote *On Liberty*, as he tried to reconcile some of Humboldt’s concepts pertaining to freedom and the role of the state with the conditions and problems of his own time that were related to the dangers of industrial capitalism. If Humboldt had been exposed to “the harmful effect of industrial capitalism”, then it is entirely possible that he would have also supported state intervention for the purpose of promoting the conditions of freedom. Contrary to Humboldt, however, Hayek did witness the detrimental features of free market capitalism, but he nonetheless neglected to contemplate seriously Mill’s defence of state intervention for the purpose of offsetting the detrimental features of free market capitalism. The consequence of his neglect to consider the negative effects of the market is a serious weakening of the analytical and normative power of his thought.

Chapter 5. Popper and his Collaboration with Hayek

5. 1. Introduction

After explaining the influence of Humboldt and Mill's ideas on Hayek's conception of freedom and the role of the state, I will highlight the importance of Karl Popper (1902-1994), whom I consider to be one of Hayek's key theoretical sources. Popper played a very different role compared to the two previous authors, as he and Hayek made mutual intellectual contributions to each other's work. However, that is not to say that they shared precisely the same views. Popper, unlike Hayek, was a philosopher of science and, as a result, had limited knowledge of economics. For this reason, he did not possess an economic agenda nor was he particularly concerned with economic debates and issues. Instead, he used his expertise to apply the methodology of the natural sciences to the discipline of economics. Nevertheless, despite Popper's lack of economic expertise, Hayek's concept of freedom and his views pertaining to German ideas and totalitarian regimes¹¹⁶ are similar to those expressed by Popper in *The Open Society and Its Enemies*¹¹⁷ (1945) and *The Poverty of Historicism*¹¹⁸ (1944, 1945)¹¹⁹.

Even though Popper is well known for his contributions to the philosophy of science—he, in fact, contributed to almost every “field of philosophy”—this chapter will mainly focus on his early writings pertaining to political philosophy, which made him popular in the trans-Atlantic world during the cold war era. To be more precise, this chapter will explain how Popper and Hayek's relationship mutually influenced the intellectual development of each other's liberal views. It will also clarify that Hayek was not the only philosopher of the 20th century who sought to eliminate the historicist approach from all social sciences, as his views on the subject of “historicism” concurred

¹¹⁶ “Prior to 1945, Popper did not use totalitarianism to describe communism even once” (Hacohen, 2000, p. 396).

¹¹⁷ Influential political philosophers Leo Strauss and Eric Voegelin were highly critical of *The Open Society and Its Enemies* and did not view it as a “masterpiece” (Jarvie and Pralong, 1999, p.7).

¹¹⁸ Popper originally wanted title it, “False Prophets: Plato-Hegel-Marx”, instead of *The Poverty of Historicism* (Popper, 1992A, p. 113).

¹¹⁹ Popper explained that, while “the main outline” of *The Poverty of Historicism* “was completed by 1935”, its publication was “delayed” (Popper, 1960, p. VII). “It was first published, in three parts, in *Economica*, N.S., vol. XI, no. 42 and 43, 1944, and vol. XII, no. 46, 1945” (Popper, 1960, p. VII).

with those of Popper. Popper, like Hayek, often warned “against the dangers of historicist superstitions” (Popper, 1992A, p. 115). For instance, in *The Open Society and its Enemies*, he associated historicism with utopian politics and accused the historicist approach of engendering totalitarian regimes in the 20th century. He also blamed “historicism” for retarding “technological social science”, obstructing “social engineering”, and deterring “political activism” (Hacohen, 2000, p. 379).

This chapter consists of four sections that seek to illustrate the mutual intellectual contributions that Hayek and Popper made to each other’s work. The introduction is followed by a brief discussion of Popper’s intellectual development and a description of his importance to a number of areas of political philosophy. This section will also explain Hayek and Popper’s mutual contributions to the development of each other’s ideas in political philosophy. Additionally, this section will investigate the points of convergence between their respective political philosophies, including their respective criticisms of centrally planned systems (i.e. fascism, Nazism and communism) and the historicist approach. Section three will focus entirely on Popper’s views pertaining to the historicist approach. This chapter will be concluded in section four.

5. 2. Popper’s Intellectual Development

Popper is well-known for his major contribution to the development of liberalism, in that he formulated a strong defence for the notion of an open society against totalitarian regimes. He was one of the most influential theorists of the 20th century in the areas of political philosophy and the philosophy of science. To be more precise, his political philosophy was derived from his philosophy of science, as he applied the methodology of science to solve problems in the area of political philosophy in his famous book, *The Open Society and its Enemies*. This book, in which “Popper ended up constructing a cold-war coalition-liberals and social democrats-against communism”, eventually “became a foundational text for postwar liberalism” (Hacohen, 2000, p. 449). In fact, his work in the area of political philosophy led to a number of terms being “coined” that became “part of professional and popular discourse”, such as “Open Society, social engineering, [and] essentialism” (Hacohen, 2000, p. 384). Nonetheless, he

made a point of clarifying that his specialization lay in the areas of mathematics, physics, and the philosophy of science, and that he received no formal training in political philosophy. However, despite the fact that he was not trained in political philosophy, Malachi Haim Hacoheh, author of *Karl Popper: The Formative Years, 1902-1945* (2000), stated that “recent surveys of scholarly literature on totalitarianism and on social science methodology found him mentioned more often than any philosopher, including Hannah Arendt, Ludwig Wittgenstein, and Thomas Kuhn” (Hacoheh, 2000, p. 2).

Furthermore, because he did not receive any formal training in the area of political philosophy, Popper’s views on this subject were primarily influenced by the social, political and economic conditions that prevailed in Austria before and after the First World War. More specifically, the poverty, hunger, unemployment, misery, hopelessness, fear, and depression of that period strongly impacted the development of his intellectual views, as did the rise of totalitarian regimes, with Hitler in Germany and Mussolini in Italy. It is worth mentioning that, perhaps on account of the social, political and economic conditions of that period, Popper was an active member of a “socialist pacifist” group called “the Jung-Wandervogel (Youth Scout)” in his youth (Hacoheh, 2000, p. 77). However, he was an active member of this group for only a very brief period of time (about two or three months), as the social and political conditions that emerged in 1919 led him to become critical of and develop arguments against communism and Marxist ideas (Popper, 1992A, p. 33, Hacoheh, 2000, p. 85). At the same time, however, “he did not trust the ‘free market’” capitalism and, instead, supported some sort of socialist ideals.

Furthermore, given Popper’s lack of formal training in the area of political philosophy, his intellectual development and opinions in this discipline were also largely shaped by the works of a number of thinkers and theorists including Kant, Jacob Friedrich Fries, and Leonard Nelson¹²⁰. He highly valued the work of Kant¹²¹, Fries and

¹²⁰ Nelson, for instance, was critical of Hegel and an admirer of Kant (Hacoheh, 2000, p.121-123).

¹²¹ When he was in his 20s, Popper studied the writings of Kant, including *Critique of Pure Reason* and *Prolegomena*.

Nelson in particular and associated their writings with “progressive philosophy”; in fact, he viewed his own work as the continuation of their progressive philosophies.

Kant actually became “the most widely read philosopher in Austria”; “[a]mong the first philosophical works that Karl Popper read were *Critique of Pure Reason* and *Prolegomena to Any Future Metaphysics*” (Hacohen, 2000, p. 58, 59). Hacohen was of the opinion that it was his “engagement with Kant [that] made Popper’s philosophy possible” (Hacohen, 2000, 2000, p. 59). However, as stated earlier, Popper was also influenced by the philosophies of Fries, who “considered himself Kant’s true successor”, as well as Nelson, whose views were frequently referenced in Popper’s writings (Hacohen, 2000, p. 122, 126). Nelson’s opposition to the philosophies of Fichte, Schelling, Schlegel, and Hegel, as well as his defence of Kant’s philosophy, strongly influenced Popper’s views on each of those thinkers (Hacohen, 2000, p.123). More precisely, Popper, much like Nelson, was of the opinion that Hegel, along with “Fichte, Schelling, Schlegel, and other German romantics”, converted “Kantian liberalism into reactionary historicism” (Hacohen, 2000, p. 432). In other words, it is not surprising that Popper did not have a high opinion of the work of Hegel, Fichte and Schelling, because their respective philosophies did not have a firm foothold among philosophers and intellectuals from the second half of 19th to the early 20th centuries, which influenced Popper’s intellectual development.

In addition to Kant, Fries, and Nelson, Popper’s views were also inspired by Hayek, one of his contemporaries. Hayek, along with Popper, was one of the founding members of the Mont Pelèrin Society in 1947. There are many similarities between Hayek and Popper’s political and social views in terms of their belief in individualism, as well as their critiques of totalitarian regimes and the historicist approach; they also shared some of the same original sources for their respective intellectual works in the area of political philosophy. As the same time, however, they also had a number of differences of opinion in their respective political philosophies. For example, contrary to Hayek, Popper supported state protection and intervention in cases pertaining to the achievement of freedom and “economic security”. These are important aspects of Popper’s political

philosophy that represent: “ambiguities” that exist in Popper’s liberalism; and, differences between the views of Popper and Hayek (Hacohen, 2000, p. 503). In fact, Hayek was conscious of the fact that Popper supported the notions of a welfare state and socialism, but he was still able to influence “the direction of Popper’s political philosophy” (Hacohen, 2000, p. 450). In other words, Hayek was able to convince Popper that “both socialism and the enthusiasm for scientific planning could undermine liberty” (Hacohen, 2000, p. 450). Thus, even though Popper was committed to some form of socialist welfare state, Hayek was able to “corrupt his socialism”, and eventually Popper became a liberal (Hacohen, 2000, p. 486).

It is important to mention that Popper was first introduced to Hayek’s ideas during a visit to the London School of Economics (LSE) from 1935 to 1936¹²² (Popper, 1992A, p. 108). Over the course of this visit, he had the opportunity to give a lecture on “The Poverty of Historicism” in a seminar that was organized by Hayek (Popper, 1992A, p. 113). Specifically, the content of Popper’s lecture was “an application of [his book] *Logik der Forschung* [1934] to the methods of social sciences” (Popper, 1992A, p. 113). In other words, in “The Poverty of Historicism”, Popper applied the methods of natural science, which he developed in *Logik der Forschung*, to the social sciences in order to “reshape social science, and render it politically useful” (Hacohen, 2000, p.374).

Hayek had actually read *Logik der Forschung* (*The Logic of Scientific Discovery*) in 1935, prior to his acquaintance with Popper, on the recommendation of his colleague Gottfried von Haberler¹²³ (Hayek, 1989, p.49, Popper, 1992A, p. 222, Nn 163). In fact, it appears as though Popper’s *Logik der Forschung* (1934) denotes a “turning point” in Hayek’s “career”; Popper’s influence was particularly apparent in the case of “Economics and Knowledge”, an article that Hayek published in *Economica* in 1937 (Hacohen, 2000, Nn 95, p.317-318). After reading *Logik der Forschung*¹²⁴, Hayek ended up realizing that “Popperian philosophy [was] spelling out what” he “had always felt”

¹²² “In 1936, there was no position available at the LSE, but Hayek would keep Popper in mind” (Hacohen, 2000, p. 318).

¹²³ According to Bruce Caldwell, it is not surprising that “Hayek fell in so easily with Karl Popper when he read his work”, as they were both “raised in the Austrian tradition” (Caldwell, 2006, p. 29).

¹²⁴ Hayek was fascinated by Popper’s *Logik der Forschung*.

(Hayek, 1989, p.51). Specifically, he stated that: “Ever since, I have been moving with Popper” (Hayek, 1989, p.51). “After hearing him in his seminar”, “reading *Logik der Forschung*”, and based on the positive first impression that Popper made during their first encounter, “Hayek was ready to vouch for him” (Hacohen, 2000, p. 317). In fact, Hayek was of the opinion that Popper’s expertise in the philosophy of science, as well as his version of political philosophy, would play key roles in the conflict that existed between LSE and the University Cambridge, which had a “collectivist orientation” (Hacohen, 2000, p. 317).

After their first meeting at LSE in England, Hayek and Popper became very close friends and colleagues¹²⁵. Popper even ended up dedicating “his most famous collection of papers, *Conjectures and Refutations* (Popper, 1963), to Hayek” (Caldwell, 2006, p. 112). For his part, “Hayek dedicated his own 1967 collection, *Studies in Philosophy, Politics and Economics* to Popper mentioning him explicitly in the Preface” (Caldwell, 2006, p. 112). Furthermore, Hayek admitted to agreeing with Popper “more than with anybody else on philosophical matters” (Hayek, 1989, p.51). Upon reflection, Popper also acknowledged that his “encounter with Hayek turned out to be one of the most important in his life” (Hacohen, 2000, p. 316). Hayek played a major role in the translation and publication of *Logik der Forschung*; the publication of this work was a very important development in Popper’s goal of getting a job in the United States (Hacohen, 2000, p. 343). Popper acknowledged that he also owed Hayek a debt of gratitude for: the key role that he played in the publication of *The Open Society and Its Enemies* (1945); and, being granted the “the readership in the London School of Economics” in 1945 (Jarvie, Pralong, 1999, p. 10, 35). Popper had already developed the main thesis for *The Open Society and Its Enemies* in 1927 (Hacohen, 2000, p. 147). However, once he finished writing it, he made many unsuccessful attempts to publish it but was rejected on his own account, because of the circumstances of the 1940s, particularly the Second World War (Popper, 1992A, p.119). According to Popper, his fortunes finally changed when Hayek “generously offered his help” without solicitation

¹²⁵ Popper wrote Hayek a letter that included the following: “When I was in New Zealand, out of the world and buried by my all philosophical colleagues, you remembered me. It was through you that I came back into the world. It was through you (and Ernst Gombrich) that *The Open Society* was published...And I came to the LSE through you, you gave me so much encouragement and help...” (Hacohen, 2000, p. 501). In another letter, he wrote: “Popper spoke of Hayek as a father” (Hacohen, 2000, p. 502).

and located a publisher, adding that he “felt” that he “had saved” his “life” (Popper, 1992A, p. 120). Subsequently, when the war was concluding, he “received a cable, signed by Hayek” in which he was offered “a readership at the University of London, tenable at the London School of Economics”. Reflecting on this development, Popper confessed that, “I felt that Hayek had saved my live once more” (Popper, 1992A, p. 120).

Despite the fact that Hayek and Popper mutually influenced one another’s intellectual development, Popper was initially not certain that they were suited to be close colleagues and associates, because he thought they did not belong to the same “social and political circle” (Hacohen, 2000, p. 450). To be more precise, Hayek was a liberal, while Popper, who was also technically a liberal, frequently defended social democracy and the welfare state (Feser, 2006, p. 6). Hayek was very aware of these circumstances and, although he did not agree with all of the arguments that Popper put forth in *The Open Society and Its Enemies*, he was, nonetheless, very enthusiastic about the book. When Hayek read an “an early version of *The Open Society* in 1943”, he realized that Popper held views that were to the left of his own; nonetheless, he believed that the two of them were still capable of “building alliance” on account of Popper’s tolerance for diverse views (Hacohen, 2000, p. 318). Thus, Hayek reached the conclusion that “Popper’s piecemeal social engineering was preferable to socialism” (Hacohen, 2000, p. 318).

It is worth mentioning that when Popper first wrote *The Poverty of Historicism* (1936), the content did not include a “systematic critique of leftist evolutionary thinking. Popper seemed to have developed it only after having read Hayek’s critique of “Scientism”” (Hacohen, 2000, p. 316, Nn.90). It was only after he finished writing *The Open Society and Its Enemies*, but prior to its publication, that Popper read Hayek’s *The Road to Serfdom* and became convinced that “socialism” and “scientific planning” had the potential to “undermine liberty” (Hacohen, 2000, p. 450). It should also be noted that, before the final version of *The Poverty of Historicism* was released, Popper had the opportunity to read some of Hayek’s other articles; however, “Scientism” was particularly important, as it was in this article that Hayek formulated his arguments against social engineering and historicism (Caldwell, 2006, p. 116). While one cannot

discern the exact extent of Hayek's influence over Popper's *The Poverty of Historicism*, it is not surprising that they shared similar views about historicism.

Even though Popper acknowledged that he owed a debt of gratitude to Hayek on many occasions on account of the key role that Hayek played in the publication of his books and his career in general, in hindsight, it turned out that "Popper fit well into Hayek's vision of a scholarly community committed to libertarian principles at the LSE"¹²⁶ (Hacohen, 2000, p. 317). Therefore, Hayek's decision to help Popper was not solely based on his fascination with *Logik der Forschung* and his other works, as Hayek considered Popper to be someone with the potential to act as a partner that holds appeal for people with leftist tendencies and ideals (Hacohen, 2000, p. 457). As a result of Hayek's influence, Popper began to make "analogies between his philosophy of science and politics. The result was a rebirth of liberalism in science, ethics, and politics" (Hacohen, 2000, p. 450).

5.3. The Historicist Approach

Hayek and Popper were both very critical of the historicist approach¹²⁷. They associated historicism with a number of specific thinkers including Plato, Marx, Hegel, Saint-Simon, d'Alembert, Turgot, Lagrange, Comte, Sombart, and Spengler. Popper developed his argument against the historicist approach in *The Poverty of Historicism* and *The Open Society and Its Enemies*; in these books, "[he] selected some events from the history of the historicist thought, in order to illustrate its persistent and pernicious influence upon the philosophy of society and of politics, from Heraclitus, and Plato to Hegel and Marx" (Popper, 1960, p. XI).

¹²⁶ However, this is not to suggest that Popper and Hayek agreed on every single topic. In England, Popper "became increasingly conservative and lost interest in social questions" (Hacohen, 2000, p. 335).

¹²⁷ Popper defines "historicism" as "an approach to the social sciences which assumes that historical prediction is their principal aim, and which assumes that this aim is attainable by discovering the 'rhythms' or 'patterns', the 'laws' or the 'trends' that underlie the evolution of history" (Popper, 1960, p. 3).

In *The Open Society and Its Enemies*, Popper basically identified Plato¹²⁸, Hegel, and Marx as the key developers of historicist thinking who consistently opposed open societies. In fact, he held the historicism “responsible for a range of methodological and political catastrophes, and proceeded to demolish it” (Hacohen, 2000, p. 353). He placed most of the blame for historicism and the awaking of nationalist sentiments within the German and Italian populations in the 20th century on Hegel. By associating totalitarian regimes with historicism in *The Open Society and Its Enemies*, Popper believed that he was diagnosing “Western civilization’s malaise” (Hacohen, 2000, p. 388).

In *The Counter Revolution of Science* (1941), Hayek recognized “the masterly analysis of this historicism” by his “friend Karl Popper” (Hayek, 1941, p. 199). Hayek was of the opinion that the onset of National Socialism¹²⁹ in Germany was the consequence of progressive intellectual development by historicist thinkers and writers (Hayek, 1994, p. 183). He went on to argue that although German thinkers were not the only contributors to this intellectual development, they did constitute the primary actors. He mainly credited Hegel, Comte, Saint-Simon, Marx, Sombart, and Spengler with the development of historicism since the 19th century (Hayek, 1941, p. 200). He maintained that they were able to significantly influence “social thought” in the second half of the 19th and first half of the 20th centuries, primarily in terms of the level of importance attributed to historicism, collectivism and rational direction (Hayek, 1941, p. 206). Both Hayek and Popper agreed about the unpredictability of future progress and developments, which led them to reject and argue against the notion of “long-term historical prophecies”; this will be discussed in the following section.

¹²⁸ Popper believed that Plato’s ideas defended “authoritarian and dictatorial” power and objectives instead of supporting humanitarian goals (Jarvie, Pralong, 1999, p. 29).

¹²⁹ Hayek also traced the origins of National Socialism back to Fichte (Hayek, 1994, p. 184).

5.3.1. *Popper on the Historicist Approach*

According to Popper, historicism¹³⁰ refers to “a methodology of the social sciences that emphasizes their historical character and aims at *historical prediction*” (Hacohen, 2000, p. 354, 355). For him, historicist theorists assume that there are “historical laws” or “patterns” in the evolution of history that can help interpret “the past, in order to predict the future” (Popper, 1960, p. 3, 50); that means they not only focus on the past, but also the future. Thus, historicist theorists seek to predict “certain developments” that would transpire under “certain conditions” and, in so doing, attempt to uncover “historical laws” or “patterns”, which would permit long-term and large-scale forecasting (Popper, 1960, p. X, 42). For Popper, the historicist method amounted to little more than trying “to solve the old problem of foretelling the future” based on “arbitrary” and “unscientific” methods (Popper, 1966, p.42).

According to the defenders of the historicist approach, gaining an understanding of the present situation in a society and predicting its future development requires the study of its “history”, “tradition”, and “institutions” (Popper, 1960, p. 18). However, they were aware that social laws are not the same as “laws of historical development” or “historical laws”. For them, the “method of generalization is inapplicable to social science”, because they were of the opinion that “uniformities of social life” differed significantly from uniformities in the “natural sciences” (Popper, 1960, p. 7, 41). More specifically, “social laws” are valid “only to a certain cultural or historical period” (Popper, 1960, p. 41). In other words, historicists believed that regularities or “[s]imilar circumstances only arise within a single historical period”, and there is no guarantee that their “validity...[will extend] beyond the periods in which” they are “observed” (Popper, 1960, p. 41, 102). As a result, they accepted the existence of “laws of historical development which determine the transition from one period to another”; they rejected the generalization of “social laws”, as they were of the opinion that social phenomena

¹³⁰ Popper claimed that historicist theorists were influenced by Newtonian theory, which aims to forecast “the position of the planets a long time ahead”.

and cultural practices are complex, and that the uniformity of social life cannot be achieved across different times and geographical locations (Popper, 1960, p. 41).

As with the method of generalization, historicists were also of the opinion that “the method of experiment” cannot be applied to the social sciences, as it is not possible to produce “similar experimental conditions” in “the social field” (Popper, 1960, p. 93). Since they claimed that phenomena and cultural practices are complex, and that the uniformity of social life cannot be achieved across different times and geographical locations, then experiments would not be of significant use in the social sciences (Popper, 1960, p. 8). Additionally, historicists were of the opinion that experiments cannot be replicated under identical conditions, because social phenomena are complex and constantly changing. Popper rejected this view and argued that historicists misunderstood “the experimental methods of physics” (Popper, 1960, p. 93). He argued that “the difference between the conditions prevalent in various historical periods, need not create any difficulties peculiar to social science” (Popper, 1960, p. 94). He further explained that “experiments” permit us “to discover the change in social conditions vary with historical period” (Popper, 1960, p. 95). However, despite his defense of the method of experiment and the “method of trial and error”, Popper conceded that there are situations and complexities with the social field that would allow for little chance to adjust to social conditions. He also recognized that, contrary to a physician, it is difficult for “the social scientist to choose and to vary his experimental conditions at will” (Popper, 1960, p. 97).

Historicists claimed that the complexity of social phenomena meant that each stage of history differs from all others (Popper, 1960, p. 10). In other words, every event and all circumstances are regarded as new. Furthermore, historicists believed that it was entirely possible to rationally plan the way in which new social structures would emerge. However, Popper rejected these views about the emergence of progress, as he explained that in “physics nothing can happen that is truly and intrinsically new” (Popper, 1960, p. 10). Contrary to historicists, he claimed that novelties are outcomes of a “re-arrangement” or “combination” of “old factors” (Popper, 1960, p. 10).

Popper explained that the defenders of the historicist approach believed that “the historical relativity of social laws makes most of the methods of physics inapplicable” to social sciences¹³¹ (Popper, 1960, p. 6). Instead of relying on physics, the defenders of the historicist approach intended to “understand historical development more in qualitative terms [rather than quantitative terms]; for example, in terms of conflicting tendencies and aims” (Popper, 1960, p. 24). Historicist thinkers believed that “the study of society is fundamentally different from the study of nature” (Popper, 1960, p. 97). However, even though historicist thinkers may have understood the differences between the social and natural sciences, they regarded both as “theoretical and empirical” sciences (Popper, 1960, p. 35). For them, the theoretical aspect of the social sciences justifies the prediction of events; the empirical aspect meant that social sciences are “backed by experience” (Popper, 1960, p. 35). According to historicist thinkers, an “empirical basis is formed by a chronicle of the facts of history” (Popper, 1960, p. 39).

Popper viewed “historicism” as a “poor method”, because he believed that it was not possible to accurately predict the “calendar of social events” and that the historical developments of a society was based solely on the study of its “history”, “tradition”, and “institutions (Popper, 1960, p. X, 14). He also explained that historicists impaired “scientific objectivity” in their predictions, as their “prediction might itself exert an influence on events predicted” (Popper, 1960, p. 14, 15). He further argued that it was impossible to obtain an exact prediction in the social sciences because of the complexity of social phenomena and the uncertainty of social events, as well as inexistence of “historical laws” or “patterns” in the evolution of history. That means those thinkers who studied the general facts of history in order to discover historical laws or patterns of development or evolution for the purpose of predicting future events were mistaken, as there are no laws or principles that could be used to determine the sequences of historical events. Popper was of the opinion that, if historicist theorists were in fact able to provide future political and social predictions that could be scientifically proven to be valid, then

¹³¹ However, the historicist approach is not the only approach that rejects the methods of physics; even anti-historicist thinkers argue against using the methods of physics in the social sciences (Popper, 1960, p. 24).

their approach and methods would be of “the greatest value to politicians” (Popper, 1960, p. 42).

In fact, Popper claimed that historicist theorists confused laws and patterns of development with trends; in other words, the historical laws that historicists claimed to have discovered were actually just “trends” (Popper, 1960, p. 120). He explained that, “a trend, as opposed to a law, must not in general be used as a basis for scientific predictions” (Popper, 1960, p. 120). That means historicists committed the mistake of treating trends as though they were historical laws of development, which led them to make prophecies as opposed to achieving predictions. Furthermore, Popper explained that historicists were unable to comprehend the fact that there are conditions under which trends would disappear.

Popper reached the conclusion that “the poverty of historicism...is a poverty of imagination...the historicist is himself deficient in imagination, for he cannot imagine a change in the conditions of change” (Popper, 1960, p. 130). He added that “the course of historical development is never shaped by theoretical constructions” (Popper, 1960, p. 47). Contrary to the defenders of historicism, Popper believed that developments over the course of human history are outcomes of new ideas and “the growth of human knowledge”, which cannot be predicted through “rational or scientific methods” (Popper, 1960, p. IX). In other words, “we cannot anticipate today what we shall know” in the future, meaning that it is not possible to forecast the “future course of human history” by scientific methods (Popper, 1960, p. X). Therefore, Popper concluded that “the fundamental aim of historicist methods...is...misconceived; and historicism collapses” (Popper, 1960, p. X). However, Popper’s arguments against historicism should not be confused with the idea that he rejected historical study. In fact, he often stressed the importance of historical study as a valuable source of knowledge and information.

5. 3. 1. 1. *The Historicist Approach vs. Social Engineering*

Popper explained that although historicists frequently claimed to be opposed to social engineering, “historicism” is often “allied” with “Utopian social engineering”, such as the ideas of “a new order” or “centralized planning” (Popper, 1960, p. 73). Popper also explained that social engineering focuses on “the development” of “society as a whole” (Popper, 1960, p. 74). He also claimed that, similar to social engineering, historicism places a high value on “society as a whole” or “holism” (Popper, 1960, p. 74). Furthermore, supporters of social engineering believe that it is necessary to take an “activist” approach towards “the social order” in order to make matters better (Popper, 1960, p. 60). In other words, both social engineering and historicism support rational control and the planning of the entire social order. Additionally, supporters of social engineering, as well as historicists, regard societal goals and ends as not being “a matter of choice, or moral decision, but that they may be scientifically discovered” (Popper, 1960, p. 74). That means Popper associated historicism with social engineering¹³² (or “utopian engineering”) and “collectivist planning”. He claimed that both social engineering and historicism are hostile “to the piecemeal approach” and “joins forces with the historicist ideology” (Popper, 1960, p. 70). Additionally, defenders of social engineering and historicism “believe that they can find out what the true aims or ends of ‘society’ are...by diagnosing ‘the needs of their time’” (Popper, 1960, p. 75). In other words, they believed that planning was unavoidable if the true aims or ends of ‘society’ were to be attained; as a result, defenders of social engineering attempted to “control and reconstruct our society ‘as a whole’” (Popper, 1960, p. 79).

Popper was not opposed to all forms of “social prediction”, as he recognized the importance of predicting “certain developments...under certain conditions”; however, he was opposed to the notion of predicting or controlling social developments through social engineering and planning (Popper, 1960, p. X). He believed that social changes occur because of social forces and conflicts, rather than the rational planning of social engineers (Popper, 1960, p. 47). Popper explained that social engineering (or “utopian

¹³² It should also be noted that both of these approaches rejected piecemeal engineering (Popper, 1960, p. 74).

engineering”, which he believed was very dangerous) generally “aims at remodelling the ‘whole society’ in accordance with a definite plan or blueprint; it aims at ‘seizing the key positions’ and at extending ‘the power of the State...until the State becomes nearly identical with society’, and it aims, furthermore, at controlling from these ‘key positions’ the historical forces that mould the future of the developing society” (Popper, 1960, p. 67).

Changes in the social situation, in addition to other circumstances, disturb the achievement of the ends and goals established by social engineering and historicism. As a result, “[t]he real outcome will always be very different from the rational construction” (Popper, 1960, p. 47). Thus, even if social engineers managed to rationally plan the specific ends and goals that they seek to achieve, they will not attain them in the manner that they conceived. As such, Popper reached the conclusion that “all social engineering, no matter how much it prides itself on its realism and on its scientific character, is doomed to remain a Utopian dream” (Popper, 1960, p. 47). He continued by stating that “[a]ny social science which does not teach the impossibility of rational social construction is entirely blind to the most important facts of social life” (Popper, 1960, p. 48).

Popper distinguished social engineering (or “utopian social engineering”) from “piecemeal engineering” and defended the latter. He called social engineering the “greatest and most urgent evil of the society” and proposed the implementation of piecemeal engineering to combat it (Popper, 1960, p. 91). “Piecemeal engineering” is a term used by Hayek; it refers to the “non-dogmatic method of trial and error” and aims to “design social institutions, and to reconstruct and run those already in existence” (Popper, 1960, p. 64, 65). That means piecemeal engineering does not require “major social transformation” or “remodelling the whole of society” (Popper, 1960, p. 67).

According to Popper, “piecemeal engineering” refers to “the application of scientific method... of trial and error¹³³, to the realm of social policy” (Caldwell, 2006, p. 116). This method is “non-dogmatic in that it does not rule out a priori any sort of social arrangement, but also in that it requires decision makers always to be ready to learn from experience and to be prepared to adapt their reforms in the face of contrary evidence” (Caldwell, 2006, p. 116, 117). Furthermore, piecemeal engineering supports the view that *“only a minority of social institutions are consciously designed while the vast majority have just ‘grown’ as the undesigned result of human actions”* (Popper, 1960, p. 65). However, Popper explained that, contrary to piecemeal engineering, social engineering believes in the rational design of society; it attempts “to control the human factor by institutional means” on account of “the uncertainty of human factor” (Popper, 1960, p. 70).

In his defence of piecemeal engineering, Popper explained that if a “piecemeal technologist or engineer...wishes to introduce scientific methods into the study of society and into politics, what is needed most is the adoption of a critical attitude, and the realization that not only trial but also error is necessary” (Popper, 1960, p. 87, 88). In other words, according to Popper, “[s]cientific method in politics means that the great art of convincing ourselves that we have not made any mistakes, of ignoring them, of hiding them, and of blaming others for them, is replaced by the greater art of accepting the responsibility for them, of trying to learn from them, and of applying this knowledge so that we may avoid them in the future” (Popper, 1960, p. 88).

Even though Popper believed that people could learn from their mistakes, he stressed the point that “it is very hard to learn from very big mistakes” (Popper, 1960, p. 88). In other words, if an action affects the lives of many people, then large scale planning (as in the case of historicist theorists) is required, which means the action will create a significant “inconvenience to many people” (Popper, 1960, p. 89). This type of action would be initiated by social engineering (or “utopian engineering”), rather than

¹³³ The method of trial and error is based on the fact that the progress occurs “if, and only if, we are prepared to learn from our mistakes: to recognize our errors and utilize them critically instead of preserving in them dogmatically” (Popper, 1960, p. 87).

through a piecemeal technologist or engineer; therefore, large scale planning typically entails many complaints and significant opposition to the plan (Popper, 1960, p. 89). Contrary to social engineering, piecemeal engineering would not attempt large scale planning; instead, it would implement small sized planning that would not be too difficult to reverse in the event of undesired consequences. Popper also opposed social engineering for ignoring or suppressing any resistance, complaints, or opposition to large scale planning, arguing that this meant the social engineer “must invariably suppress reasonable criticism” (Popper, 1960, p. 89). Therefore, social engineering is not compatible with the liberty of expression and opinion.

Popper emphasized the ideas that a social engineer focuses on centralizing power, but neglects the nature of human knowledge. In other words, a social engineer fails to recognize that it is “impossible to centralize all knowledge” of all the individuals in a society (Popper, 1960, p. 89). He also stressed that a social engineer neglects the fact that “human knowledge is fallible” and limited¹³⁴. Thus, Popper was of the opinion that “[t]he more we learn about the world, and the deeper our learning, the more conscious, clear and well-defined will be our knowledge of what we do not know, our knowledge of our ignorance” (Popper, 1992B, p. 50). Consequently, while claiming that human knowledge is “finite”, he simultaneously maintained human ignorance is “boundless” (Popper, 1992B, p. 50, 64). In his discussion of the limits of human knowledge, in opposition to the views of social engineers, Popper tried to show that human beings could not foresee all of the consequences of their actions¹³⁵ on account of the limitation of human knowledge.

Popper explained that, in order to eliminate problems associated with the nature of knowledge that each individual possesses, a social engineer treats all individuals as if they were the same by disregarding individual differences (Popper, 1960, p. 90). Additionally, this problem, associated with the nature of knowledge, requires that a social engineer “must control and stereotype interests and beliefs by education and propaganda”

¹³⁴ According to Popper, “the problems of the theory of knowledge form the very heart of philosophy” (Popper, 1992B, p. 182).

¹³⁵ Popper derived his theory of knowledge from “the Socratic doctrine of ignorance” (Popper, 1992B, p. 40). He highly valued Socrates’ well-known phrase: “I know that I know almost nothing” (Popper, 1992B, p. 32).

(Popper, 1960, p. 90). This type of control over a society would end up eliminating freedom of expression, freedom of thought, and critical thinking; it would also eventually “destroy knowledge” (Popper, 1960, p. 90). Popper emphasised that the greater a social engineer’s power, “the greater will be the loss of knowledge” (Popper, 1960, p. 90). He was of the opinion that, contrary to social engineering, piecemeal engineering would not engender “an accumulation of power” or “the suppression of public criticism”, because he believed that every change that occurred under a system of piecemeal engineering was the result of “the method of trial and error, by countless small adjustments” (Popper, 1960, p. 92).

5. 3. 1. 2. The Historicist Approach vs. Scientism

In addition to social engineering, Popper also associated scientism with the historicist approach, which Hayek discussed in his essay, “Scientism and the Study of Society” (1952) (Popper, 1960, p. 105). Hayek used “the term scientism as a name for ‘slavish imitation’ of the method and language of science” (Popper, 1960, p. 105). According to him, there are three distinct methods of scientism, namely “objectivism”, “collectivism”, and “historicism”. However, Popper did not employ these same distinctions identified by Hayek in terms of scientism. Nevertheless, Hayek and Popper had very similar views on the subject of scientism. Even though both of them highly valued scientific knowledge, neither of them were adherents of scientism, because they argued that scientism is “a misunderstanding of the methods of the natural sciences” and “a misguided effort to copy these methods” in the social sciences (Popper, 1960, p. 105). They believed that scientism was related to “the authority of scientific knowledge”.

According to Hayek, scientism is “the illegitimate attempt to apply the putative methods of the natural sciences in areas they did not belong” (Caldwell, 2006, p. 118). In other words, Hayek defined scientism as the application of the methods of natural science to the social sciences. He primarily associated the development of “scientism” with the Economists of the German Historical School. For his part, Popper stated that, “The charge of scientism –that is, of having a dogmatic belief in the authority of the method of

the natural sciences and in its results- is therefore completely inappropriate if it is levelled at the critical method of the natural sciences or against the great natural scientists” (Popper, 1992B, p. 41). That means Popper regarded the methods of scientism, which Hayek so strongly opposed, as not being “the real methods of the natural sciences”; instead, he considered them to be the “illegitimate” creations of social scientists that claimed they were “scientific” (Caldwell, 2006, p. 117). For Popper, the analogy between the methods of the social sciences and natural sciences breaks down, because historicists did not have any scientific basis for their methods. Therefore, he believed that historicists could not utilize the methods of experiment and objectivity from the natural sciences in the social sciences.

Popper believed that scientific knowledge is fallible, because it can be refuted based on the methods of falsification and “trial and error”. Additionally, Popper claimed that methods of falsification and “trial and error”, as well as the method of the natural sciences, can all be applied to the social sciences. Hayek accepted Popper’s view that “a theory must be falsifiable to be scientific” (Caldwell, 2006, p. 119). Popper developed his thesis on falsifiability in his book, *The Demarcation Between Science and Metaphysics* (1968), where he depicted a “discontinuous model for the development of scientific knowledge”. Furthermore, he constructed a defense for “critical rationalism” based on “refutability¹³⁶ or falsifiability”, claiming that this was the “only way of expanding” scientific knowledge (Popper, 1968, p. 15, 152).

Popper’s discontinuous model pertaining to the development of scientific knowledge is based on objective and logical evaluations that aim to find errors in theories and refute them (Popper, 1968, p. 128, 256). If a theory is refuted (or falsified), then scientists work on the development of a new theory that should be “better or more satisfactory” than the refuted one, thus, engendering discontinuous development in scientific knowledge (Popper, 1968, p. 215). If, however, a theory withstands “empirical refutations”, then Popper concludes that it is “corroborated by experience”, which means the theory in question is accepted as successful, while still being open to future attempts

¹³⁶According to Popper, “all real tests are attempted refutations” (Popper, 1968, p. 256).

at falsification¹³⁷ (Popper, 1968, p. 256, 257). This would suggest that Popper considers all knowledge to be temporary and hypothetical, as even the “best theories” cannot escape eventual replacement by better ones (Popper, 1968, p. 244). For this reason, Popper claims that, despite the fact that the ultimate truth¹³⁸ will, in all likelihood, never be attained, “every refutation” represents “a great success”¹³⁹ (Popper, 1968, 243).

Based on his methods of falsification and “trial and error”, Popper made the claim that methods of natural science can actually be applied to the social sciences. However, he believed that there are no laws or principles that could be used to determine the sequences of historical events, as development and progress discontinuous, not cumulative. Based on Popper’s thesis on falsifiability, it appears that developments over the course of human history are products of new ideas and “the growth of human knowledge”, both of which are related to falsification and refutation. He argued that there are no “historical laws” or “patterns” in the evolution of history that could permit long-term and large-scale forecasting.

In his book *The Politics and Philosophy of Economics: Marxians, Keynesians and Austrians* (1981), T. W. Hutchison argued that Hayek, in his early writings, was influenced by Friedrich von Wieser and Ludwig von Mises’ work on methodology; however, Hutchison also claimed that Hayek was primarily influenced by Popper’s writings on methodology in his later work. Contrary to Hutchison’s argument, Bruce Caldwell (2009) explained that Hutchison committed an error in his argument about the origins of methodology in Hayek’s writings. Specifically, Caldwell claimed that Hayek was not really influenced by Mises’ methodology and that Popper’s writings on methodological issues only began to influence Hayek in the 1950s (Caldwell, 2009, p. 315). Caldwell was of the opinion that, “despite their many statements of their debt to one another”, it is not easy to determine the exact contributions they made to the

¹³⁷ For example, “Newton’s theory”, which “predicted deviation from Kepler’s laws which had not been observed at the time”, was open to “empirical refutations” (Popper, 1968, p. 256).

¹³⁸ Popper says that, “...the task of science is the search for truth...truth is not the only aim of science. We want more than mere truth: what we look for is interesting truth, truth which is hard to come by” (Popper, 1968, p. 229).

¹³⁹ Popper claims that even in the event that a theory is shown to be false, it can still be as beneficial as a true one (Popper, 1968, p. 141).

development of each other's intellectual work (Caldwell, 2006, p. 113). Regardless of the disagreements between academics as to what exactly Hayek's debt may have been to Popper, it seems that Hayek accepted Popper's thesis on falsifiability, which tests whether or not a theory is scientific. However, Hayek emphasized the point that "theories that deal with complex phenomena are necessarily less falsifiable" (Caldwell, 2006, p. 119). According to him, economics is less falsifiable, precisely because it deals with "complex phenomena".

5. 4. Conclusion

This chapter demonstrated that, despite some differences in their respective forms of liberalism, in addition to the fact that they trained in different disciplines, Popper and Hayek made mutual intellectual contributions to each other's work, "because both of them saw in the other's work further support for his own arguments" (Caldwell, 2006, p. 121). In fact, after their first meeting at the London School of Economics in England in 1935, Hayek and Popper became very close friends and colleagues. Hayek admitted to not being indifferent towards the ideas that Popper developed in *Logik der Forschung*. He actually stated that, since reading *Logik der Forschung*, "I have been moving with Popper" (Hayek, 1989, p.51). Hayek's reaction to Popper's ideas and their intellectual exchanges is not surprising, considering that both thinkers were part of the Austrian tradition, as well as the fact that they both held negative views of the German Historical School of Economics and the historicist approach.

However, even when they first began making intellectual contributions to each other's work, Hayek was aware that there were significant differences between some of their views, particularly with respect to the fact that Popper supported a welfare state and socialism. Nonetheless, he regarded Popper as someone with the potential to act as a partner on account of his appeal for people with leftist tendencies and ideals. As a result, Hayek sought to influence Popper into abandoning some of his leftist tendencies by convincing him that socialism could undermine freedom. Additionally, Hayek also played some role in Popper's decision to apply the methodology of natural science to

“reshape social science, and render it politically useful”. The result was “a rebirth of liberalism in science, ethics, and politics” (Hacohen, 2000, p. 450).

Despite the fact that there were some differences in their respective forms of liberalism, Hayek’s work allowed Popper to establish contact with “the past” and with “methodological debates within the history of social science” (Caldwell, 2006, p. 121). For his part, Popper’s work informed Hayek about “arguments from within contemporary philosophy of science. Additionally, Popper’s work on scientism and falsification led to Hayek accepting economics as a science, although he maintained that it could not use “the supposed methods of physics” because “economics studies complex phenomena” (Caldwell, 2006, p. 121).

Furthermore, Popper and Hayek shared similar opinions in terms of: their support for an open society in order to achieve freedom; and, their opposition to the historicist approach, which aims at historical prediction based on historical laws or patterns. They argued that no laws or patterns existed that could be used to determine the sequences of historical events, the development of social institutions, or progress. Additionally, they associated historicism with scientism and social engineering, which focuses on central planning and centralizing power, but neglects the nature of human knowledge. In other words, social engineering fails to recognize that “human knowledge is fallible” and limited. As an alternative to social engineering, Popper and Hayek advocated for piecemeal engineering, which is a “non-dogmatic method of trial and error”. In fact, they both regarded “historicism” as a “poor method”, and sought to eliminate it from all social sciences.

Popper’s opposition to the historicist approach and the fact that he associated it with oppressive states and the totalitarian regimes of the 20th century provided an important intellectual foundation for Hayek in terms of proving the superiority of “open societies” over paternalistic states and totalitarian regimes. As a result, instead of acknowledging the contradictory character of “open societies” and focusing on improving

upon its weaknesses, Hayek sought to prove the superiority of “open societies” over centrally planned systems (i.e. fascism, Nazism and communism).

Chapter 6. Was Hegel an Enemy of Open Societies?

6. 1. Introduction

Hayek often compared central deliberate planning with spontaneous order, whereby he associated the former with totalitarian regimes and the latter with open societies. He accused Hegel of being “the fountain head” of “most modern totalitarianism” and an enemy of open societies (Hayek, 2013, p. 32). The primary focus of this chapter is to examine Hayek’s rationale for associating Hegel’s work with “modern totalitarianism”, “constructive rationalism”, and historicism.

This chapter will investigate Hayek and Popper’s accusation that Hegel was illiberal and an enemy of “open societies”. Popper provided arguments to support his accusations that Hegel influenced the totalitarian regimes of the 20th century in his book *The Open Society and Its Enemies*; his views on Hegel were supported by Hayek in *The Counter Revolution of Science*. Hayek shared Popper’s views that Hegel contributed to the development of “modern totalitarianism” and historicism, and that he was an enemy of open societies. This is not surprising given that Hayek and Popper made a number of mutual intellectual contributions to each other’s work; these are detailed in chapter five.

It appears that some of Hayek and Popper’s arguments against “modern totalitarianism”, “constructive rationalism”, and historicism were developed, to a certain extent, as a reaction to the enemies of open societies¹⁴⁰, which included Hegel’s political philosophy. To be more specific, Hegel’s views exerted a negative influence over the development of the political philosophies of Hayek and Popper. As a result, Hayek and Popper, to some extent, defined their views regarding the role of the state, as well as their

¹⁴⁰ In addition to attacking Hegel’s personal choices and writing style in an un-professional manner, Popper categorized Hegel’s work as a regression in the development of philosophy (Jarvie and Pralong, 1999, p. 29). It should be noted that Popper believed that his own work was essentially the continuation of the philosophies of Kant and Jacob Friedrich Fries; at the same time, he accused Hegel of being an enemy of Kant and open societies. Furthermore, Popper considered Hegel, along with Fichte and Schelling, to be part of the Romantic School (Popper, 1992B, p. 127). Specifically, he claimed that “Fichte, and later Hegel, tried to appropriate Kant as the founder of their school”, but argued that Kant would not only have been opposed Fichte’s views, but “the whole Romantic Movement” (Popper, 1992B, p. 127, 137). In fact, Popper claimed that, contrary to the Romantic Movement, Kant supported the Enlightenment, which, according to him (Popper), was basically “the idea of self-liberation through knowledge” (Popper, 1992B, p. 137).

arguments against historicism and totalitarian systems, according to their opposition to and criticisms of the Hegelian state.

Hayek defended open societies as opposed to totalitarian systems, where the former is based on spontaneous order whereas the latter is based on artificial order. According to him, properly comprehending the superiority of spontaneous order over central and deliberate planning requires an understanding of “scientism”, which is the practice of applying the methods of natural science to the social sciences that is frequently used in deliberate planning. Hayek was concerned about the practice of applying scientistic approaches in open societies, including the methods of “objectivism”, “collectivism” and “historicism”.

In *The Poverty of Historicism* (1960) and *The Open Society and Its Enemies* (1945), Popper focuses on historicism, among these three methods of scientism identified by Hayek, as he warned against the dangers of “historicist superstitions”, which he believed engendered totalitarian regimes. More precisely, in those two books, Popper basically focused on defending open societies against social planning, in addition to arguing against Marxism¹⁴¹ and fascism, both of which he claimed were inspired by “historicism”. He traced the origins of historicism back to Plato¹⁴², Hegel, and Marx, and went so far as to accuse these philosophers of being false prophets¹⁴³ who were in favor of returning to a “tribal society¹⁴⁴” (or closed society) because they feared “open societies” (Popper, 1966, p. 60). Even though he identified Plato, Hegel, and Marx as the main developers of the historicist approach, he singled out Hegel as “an essential link in a historical narrative leading from Plato to Marx” (Hacohen, 2000, p. 389).

¹⁴¹ Popper had some experience with Austrian socialism; thus, his discussions and critiques pertaining to Marxism were related to Austrian socialism. Specifically, he blamed Marxism for the catastrophic situation that arose in Austria. He was actually trying to construct a universal critique of Marxism, rather than a mere case study of Austrian socialism.

¹⁴² Popper claimed that “in the tenth book of *The Laws* Plato invented an institution that inspired the Inquisition, and he came close to recommending concentration camps for the cure of the souls of dissenters” (Popper, 1992, p. 175).

¹⁴³ Popper argued that “the typical experimental sciences are capable of making technological predictions, while those employing mainly non-experimental observations produce prophecies” (Popper, 1960, p. 43).

¹⁴⁴ Popper employed the term tribal “as a metaphor to condemn contemporary barbarism with his expression the return to *tribe*” (Jarvie, 1999, p. 76).

Hayek and Popper were both critical of the historicist approach, claiming that it destroyed free liberal society in the 20th century, which is why they so strongly argued against historicist theorists and sought to eliminate the historicist approach from all social sciences. They associated the historicist approach with a number of specific thinkers including Plato, Marx, Hegel, Saint-Simon, d'Alembert, Turgot, Lagrange, Comte, Sombart, and Spengler. However, despite the important roles that each of these individuals played, this chapter will mainly focus on Hayek and Popper's critiques of Hegel's political philosophy, as this chapter seeks to investigate the negative influence of Hegel's political philosophy on the development of Hayek's liberal views.

It is no secret that Popper did not regard Hegel "as a real philosopher", even openly admitting that he mistrusted Hegel's "devotion to truth" (Popper, 1992B, p. 178). He argued that Hegel acted as a "religious innovator" and accused him of mysticism, and trying to reveal "the deepest secrets of the universe and of life" (Popper, 1992B, p. 206). Popper actually went so far as to acknowledge that he hated Hegel. In *The Open Society and Its Enemies*, he not only criticized Hegel's political philosophy, but he also disparaged his writing style and career choices. Furthermore, he also attempted to ridicule Hegel through superficial and immature labelling. For example, he accused Hegel of "churning out bombastic and mystifying cant" (Houlgate, 2008, p. VII). Despite Popper's un-professional criticism of Hegel's political philosophy, *The Open Society and Its Enemies* was an immediate success, which resulted in Popper instantly becoming a well-known philosopher with its publication in 1945. However, it was not without its controversies, as his view of Plato was branded "scandalous", while "Hegel scholars dismissed his Hegel as a myth, and Marxists attacked him as a liberal apologist" (Hacohen, 2000, p. 383). In fact, *The Open Society and Its Enemies* was not treated with respect by many academics¹⁴⁵. However, Hayek recognized this book as "masterly analysis of historicism" (Hayek, 1941, p. 199). This is not surprising given that Popper and Hayek made mutual intellectual contributions to each other's publications.

¹⁴⁵ Just to provide an example, Eric Voegelin said that *The Open Society and Its Enemies* was "impudent, dilettantish crap. Every single sentence is a scandal..." (Jarvie and Pralong, 1999, p.7).

This chapter will demonstrate that Hayek and Popper committed theoretical errors in their respective interpretations of Hegel that led them to conclude that he was an enemy of the “open society”, a historicist, and an important figure in modern totalitarianism. Specifically, I will argue that both Popper and Hayek failed to understand that Hegel was fully aware of the contradictory character of “open societies”, as well as their tendency to engender disastrous consequences.

This chapter will use Hegel’s political philosophy to criticize Hayek’s views on the modern market economy. More precisely, I will explain some of the important aspects of Hegel’s political philosophy and use them to criticize Hayek’s defence of free market capitalism. In doing so, it will become evident that, contrary to Hayek’s less critical view of free market capitalism, Hegel was fully aware of the contradictory character of the modern market economy (or “open societies”) and its tendency to engender crises. While he recognized the benefits associated with the modern exchange economy in terms of the division of labour, the differentiation of production, and improving the skills of workers, Hegel was simultaneously very concerned about “the tendencies of modern civil society under the pressures of the marketplace to degenerate” into “atomistic individualism” (Smith, 1991, p. 140). Furthermore, Hegel was acutely aware of the modern market economy’s predisposition towards overproduction, depression, and crises that produce social and economic disparity and un-freedom within civil society. He was particularly concerned about “increasing inequalities” and excessive poverty, which resulted from the division of labour and directly affected individual freedom (Marcuse, 1968, p. 205, 206). Hegel was also cognisant of the fact that civil society was not capable of resolving these issues on its own, leading him to examine existing solutions for the negative outcomes of the modern exchange economy. Hegel’s realistic view of the modern market economy will serve to demonstrate that Hayek held an over-optimistic and uncritical view of the modern market economy.

Even though Hegel sought solutions for people who lost their freedom as a result of the modern exchange economy, he opposed the redistribution of wealth and income by the state as a measure to combat the destructive social consequences of the marketplace.

Hegel also rejected the communist system and stressed the importance of private property as a key aspect of freedom. In other words, he did not believe that “production and distribution need to be taken out of private hands altogether and into public ownership” (Houlgate, 1991, p. 119). Furthermore, he was also opposed to the idea of a welfare state, because he regarded it as an obstacle to the independence of people, which caused them to lose their “honour” and self-respect. Hegel was also against the political imposition of material, intellectual, and physical perfection, as was the case in Wolff’s interventionist state¹⁴⁶. As an alternative, he proposed the establishment of “the Administration of Justice, the Police, and the Corporation”, all of which constitute parts of civil society, in order to eliminate the destructive social consequences associated with the modern exchange economy (Marcuse, 1968, p. 206).

Despite the fact that Popper directed a number of interesting criticisms at Hegel in a very un-academic fashion, this chapter will only examine Popper’s claims that Hegel was an advocate of the historicist approach, defended a return to “tribal society”, feared “open society”, acted as an “apologist of the Prussian State”, and was responsible for awakening nationalist sentiments within the German population in the 20th century. More precisely, this chapter will clarify that, contrary to Popper’s accusations, Hegel was not in favor of returning to a “tribal society”, nor did he fear “open societies”; in fact, Hegel was very concerned with the development of the modern exchange economy (or “open society”) and the problems associated with it. This is important insofar as Hayek sought to prove the superiority of “open societies” over totalitarian regimes as opposed to focusing on the disastrous outcomes of the modern exchange economy.

The introduction will be followed by a section that focuses on Popper’s views of Hegel and historicism. More precisely, section two will primarily examine the accusations that Popper directed at Hegel, whom he considered to be one of the three historicist philosophers, along with Plato¹⁴⁷ and Marx, who influenced the intellectual

¹⁴⁶ Moggach, Douglas, “Freedom and Perfection: The German Debate on the State in the Eighteenth Century” (2010).

¹⁴⁷ Popper was of the opinion that Plato was “the greatest, profoundest and most gifted of all philosophers”; at the same time, however, he also held a very negative opinion of Plato, going so far as to state that Plato “had an outlook on human life which I find repulsive and indeed horrifying” (Popper, 1992, p. 175). More specifically, he criticized in Plato’s belief in “in the elite: in the Kingdom of Philosophy” (Popper, 1992, p. 175).

formation of the totalitarian regimes of the 20th century. Section three will examine Popper's claim that Hegel was neither a protector nor a promoter of freedom; it will also explain why Popper was convinced that Hegel supported German nationalism and Prussian absolutism, making him an enemy of the open society. Section four will discuss Hayek's views on Hegel and the historicist approach. Section five will then attempt to explain Hegel's thoughts on the relationship between the concept of freedom and the state. More specifically, the goal of this section is to demonstrate that Popper and Hayek committed theoretical errors in their respective interpretations of the Hegelian state, which led them to make the misguided accusations that such a state uses coercion and violence, and creates un-freedom. Furthermore, this section will also reveal that Popper and Hayek falsely accused Hegel of influencing the intellectual formation of the totalitarian regimes of the 20th century, as neither Popper nor Hayek possessed adequate knowledge of Hegel's political philosophy. Although my discussion of Hegel's conception of freedom and his vision for the role of the state will be very brief, I will attempt to provide succinct explanations of Hegel's ideas on freedom, the constitutional monarchy, and the institutions of the state in order to discredit Popper's accusations. From this brief account, it will become clear that the Hegelian state actually attempted to guarantee the conditions of freedom for all members of the community, including the most vulnerable segments of the population, without relying on: coercion or violence on the part of the monarchical power; the political imposition of perfection and happiness (material, intellectual and physical happiness); massive state intervention; or, the distribution of wealth and income. According to Hegel, even though such functions are often attributed to the state, they are, in actuality, not part of the state's role. This chapter will be concluded in section six, where it will be evident that, despite the accusations levelled by Popper and Hayek, the Hegelian state cannot be accurately described as an enemy of "open societies", as such a state is intent on securing the conditions required for exercising freedom for all citizens.

6. 2. Popper on Hegel and Historicism

Popper traced the origins of historicism back to Plato¹⁴⁸, Hegel, and Marx. He actually went so far as to classify them as false prophets¹⁴⁹. The expression “false prophets” played a prominent role in the works of Hayek and Popper, both of whom claimed that the totalitarian regimes of the 20th century, which represented parts of “the perennial revolt against freedom and reason”, were the consequences of following “false prophets” who were in favor of returning to a “tribal society¹⁵⁰” (or closed society) because they feared “open societies” (Popper, 1966, p.60).

Even though Popper accused Plato, Hegel, and Marx of being false prophets and influencing the totalitarian regimes of the 20th century, he made it clear that the origins of Marxist and fascist ideologies dated back to Plato’s defence of authoritarian regimes. In other words, Popper wanted to clarify that Plato was one of the “the first great enemies of the open society”, as were Aristotle and Heraclitus (Popper, 1966, p.31). He was convinced that “Plato’s totalitarianism” played an instrumental role in the formation of Hegel’s views; therefore, Hegel represented “the missing link” between “Plato and modern forms of totalitarianism” (Popper, 1966, p. 31). Popper went so far as to label Hegel’s interpretation of the historicist method as “Hegelianism”, which he described as an ideology that requires movement towards a final end¹⁵¹, the achievement of which necessitates the existence of different stages within history. Popper held the Hegelian state responsible for supporting German nationalism, which is tribal, and authoritarian, and which will be focus of the following section.

¹⁴⁸ Popper claimed that “in the tenth book of *The Laws* Plato invented an institution that inspired the Inquisition, and he came close to recommending concentration camps for the cure of the souls of dissenters” (Popper, 1992, p. 175).

¹⁴⁹ According to Popper, “prophecy” is basically “an event which we can do nothing to prevent” (Popper, 1960, p. 43).

¹⁵⁰ Popper employed the term tribal “as a metaphor to condemn contemporary barbarism with his expression the return to *tribe*” (Jarvie, 1999, p. 76).

¹⁵¹ Popper went on to assert that, according to Hegel’s political philosophy, this movement towards a final end represents “the manifestation” of “Absolute Spirit” based on a “rational process” (Popper, 1966, p. 47).

6. 3. Popper on Hegel, the Prussian State, and Totalitarian Regimes

Popper viewed Hegel as an “apologist of the Prussian State” due to his defence of state authority. In fact, he held Hegel accountable for converting “German nationalism from liberalism to Prussian absolutism” (Hacohen, 2000, p. 432). He argued that “the Prussian absolute monarchy” represented “the highest constitution¹⁵²” for Hegel, who believed that it was superior to all of the constitutions that preceded it because it allowed for the possibility of achieving the highest form of freedom¹⁵³.

According to Popper, Hegel became an influential intellectual in the affairs of the Prussian state with the success of the “reactionary party” in 1815. As a result, his political philosophy (primarily his defence of state authority) was shaped by the agenda of “the Prussian absolute monarchy”. Basically, Popper argued that Hegel fulfilled the Prussian State’s ideological needs through the ideas (mainly historicism) that he derived from “the first great enemies of open society”, namely Heraclitus, Plato and Aristotle. More specifically, he argued that Hegel’s political philosophy and defence of state authority were shaped and altered by “the restoration of the Prussian government of Frederick William III” (Popper, 1966, p. 32). For example, Popper claimed that, under “the Prussian absolute monarchy”, Hegel took “advantage of nationalist sentiments” in order to manipulate readers into thinking that “Prussia is the ‘highest peak’, and the very stronghold, of freedom” where collective goals and ends are realized (Popper, 1966, p. 46).

Popper also went on to assert that, under Prussian absolute monarchy, Hegel tried to persuade liberal nationalists to strengthen state power. To be more precise, Popper alleged that Hegel attempted to convince them that the state’s goals and ends were shaped by the Spirit of its people¹⁵⁴ (or collective spirit¹⁵⁵). He further explained that the

¹⁵² Popper argued that, according to Hegel’s political philosophy, a state facilitates participation in its public affairs through the establishment of a constitution, which determines the laws (Popper, 1966, p. 45). The constitution of the state is the product of “the Spirit of Nation” throughout its history and it is the monarchical constitution that represents the highest form of all constitutions.

¹⁵³ The constitution is the highest level of “development and self-realization of reason”, which is “the goal...towards which humanity moves” (Popper, 1966, p. 46).

¹⁵⁴ Hegel believed that the essence of the state lies in its “reason or spirit” (Popper, 1966, p. 37). According to Hegel, “the spirit of the state” can be found in its particular historical development, which includes the evolution of its customs, cultural practices, tastes,

Hegelian state establishes moral norms that are to be respected and adhered to in order to achieve the goals and ends of the collective spirit¹⁵⁶. In doing so, Popper claimed that Hegel was able to manipulate people into thinking that the authority and power of the state should not be regarded as external, oppressive, or coercive forces, as they were intended to achieve the unity of universality and particularity¹⁵⁷. Thus, Popper argued that, by advocating the importance of the collective spirit and strong state power in the achievement of collective goals and ends, Hegel was effectively trying to replace “the liberal elements in nationalism” with a “Platonic-Prussianist worship of the state” and “historical success” (Popper, 1966, p. 58). In other words, Hegel “twisted humanitarian philosophy and politics so that they fit the mold of Prussian absolutism and tribal nationalism” (Hacohen, 2000, p. 393). Thus, Popper reached the conclusion that Hegel transformed the Kantian state, which was a liberal state with limited power to ensure freedom for all, into an authoritarian power of the constitutional monarch.

Furthermore, Popper explained that, in order to achieve the goals and ends of the collective spirit, Hegel advocated for strong authoritarian state¹⁵⁸ power to protect national interests. He added that, according to Hegel, in order to protect national interests and thrive, a state needs to “assert its individuality”, which often translated into “fighting the other nations” (Popper, 1966, p.37). However, he interpreted Hegel’s state intervention for the stated purpose of protecting national interests as though Hegel were promoting the idea that a state aims to dominate the world¹⁵⁹ (Popper, 1966, p.37). That is to say, Hegel did not regard the fight to protect national interests and dominate the world as something to be avoided; instead, he viewed it as an important factor in shaping history. As a result, Popper reached the conclusion that Hegel promoted the historical,

laws and rules. In other words, the Spirit of a nation evolves through its “history”. Thus, understanding the social and political structure and institutions of a state requires undertaking a study of its spirit within history.

¹⁵⁵ Hegel was of the opinion that the collective spirit of a nation cannot be separated from its “history, religion and the degree of political freedom”, all of which “are interwoven in one bond...” (Marcuse, 1968, p. 32).

¹⁵⁶ Hegel did not identify the nation by blood and race, “but the fascists translated spirit into blood, establishing race conflict as motor of history” (Hacohen, 2000, p. 433).

¹⁵⁷ Hegel’s proposition regarding the unity of particularity and universality is derived from Adam Smith’s invisible hand theory, where individuals are able to collectively achieve welfare for the whole society via the pursuit of their personal goals and ends.

¹⁵⁸ Popper blamed Hegel for establishing a defence for “authoritarian movements” by studying different wars and revolts against freedom that occurred throughout history (Popper, 1966, p.62). Popper believed that the ideas behind “authoritarian movements” did not contradict those of “modern totalitarianism”.

¹⁵⁹ The accusation that the Hegelian state supports aggressive behaviour and seeks “world domination” is based on his views of the relationships that exist between states. Hegel defended the universal will and goals of each state or nation; however, he did not propose a universal will or set of goals for all nations combined (Weil, 1998, p.80).

collective and national success of a state as the main goal for all to pursue. This was, according to Popper, the outcome of Hegel's adopting the "historicist method" (Popper, 1966, p.30).

Additionally, based on his interpretation of the Hegelian state and the role of collective spirit, Popper directly attributed the rise of totalitarian regimes in the 20th century to Hegel's political philosophy, stating that: "Nearly all the more important ideas of modern totalitarianism are directly inherited from Hegel" (Hacohen, 2000, p. 393). More precisely, he was of the opinion that the ideologies of "the Marxist extreme left wing", "the conservative centre" and the totalitarian regimes of the 20th century, including "Italian neo-idealism" and "Nazi totalitarianism", were strongly influenced by Hegelian "political philosophy" (Popper, 1966, p.30). Popper actually went so far as to claim that, because of Hegel's admiration for "the state, history, and the nation", almost all of the essential intellectual principles and concepts of "Italian neo-idealism" and "Nazi totalitarianism" were "directly inherited from Hegel" (Popper, 1966, p. 62).

6. 4. Hayek's View on Hegel and Historicism

In his arguments to demonstrate the superiority of open societies over totalitarian societies, Hayek often compared central deliberate planning (or "artificial order") with spontaneous order. He accused Hegel of being a major contributor to "most modern totalitarianism" and an enemy of open societies (Hayek, 2013, p. 32). Most of Hayek's arguments against Hegel's political philosophy can be found in *The Counter Revolution of Science*; even though Hayek briefly referred to Hegel as an enemy of open societies and a contributor to "most modern totalitarianism" in his later writings, he did not provide extensive arguments against Hegel's political philosophy like he did in *The Counter Revolution of Science*.

In *Hayek on Hayek* (1989), Hayek explained that *The Counter Revolution of Science* was originally "a fragment of a very big book which...[he] was then planning in a very different form. The intended title was *The Abuse and Decline of Reason*" (Hayek,

1989, p. 101). The Road to Serfdom was “in anticipation of the argument of the decline of reason” (Hayek, 1989, p. 101). Hayek admitted that although he was planning to write a “long historical account”¹⁶⁰ about Hegel and Marx, he ended up abandoning this project (Hayek, 1989, p. 101).

Similar to Popper, Hayek did not attribute the development of the historicist approach to Hegel alone, arguing that Saint-Simon and Comte (both from France) also played significant roles in the application of the scientific approach to the social sciences. He claimed that “German historicism had developed under the influence of Hegel and Comte” and concluded *The Counter-Revolution of Science* (1964) by stating: “the ideas of Hume and Voltaire, of Adam Smith and Kant, produced the liberalism of the nineteenth century, those of Hegel and Comte, of Feuerbach and Marx, have produced the totalitarianism of the twentieth” (Hayek, 1964, p. 206). Indeed, despite the fact that Hayek regarded Hegel as more “liberal” than Comte¹⁶¹, he detected many similarities in their respective ideas pertaining to the application of the scientific approach to the social sciences. In order to demonstrate the parallels between their views, Hayek explained that in 1824¹⁶², Gustave d’Eichthal, one of Comte’s pupils, uncovered many similarities between the ideas of Hegel and Comte. Specifically, D’Eichthal pointed out that Hegel and Comte supported strong state power and rejected “liberalism” (Hayek, 1964, p. 193).

Hayek claimed that the Hegelian state was shaped according to the historicist approach, as Hegel believed in the existence of “laws of history”, which means he promoted the view that “the central aim of all study of society must be to construct a universal history of all mankind, understood as a scheme of necessary development of humanity according to recognizable laws” (Hayek, 1964, p. 197). Hayek analysed Hegel’s philosophical writings concerning different periods in human history and, in doing so, determined that Hegel did not examine these different periods in order to gain

¹⁶⁰ Hayek explained that the reason he abandoned his project of writing a “long historical account” of *The Abuse and decline of Reason*, was related to his views on Marx. More precisely, he stated that “I hated to return Marx...I found it so depressing on returning to him” (Hayek, 1989, p. 101).

¹⁶¹ In Hayek’s view, both Saint-Simon and Comte believed in the importance of being “scientific”, discovering laws pertaining to evolution and progress, in addition to “the necessary succession of evolution”.

¹⁶² “In 1824...Gustave d’Eichthal went to study in Germany. In his letters to Comte he soon reported excitedly from Berlin about his discovery of Hegel”, as he explained the similarities between Hegel’s views and those of Comte (Hayek, 1964, p. 193).

an understanding of social evolution and progress; rather, his intention was to detect laws, rules and patterns of development and progress in order to consciously and rationally control society. Hayek argued that, through this exercise, Hegel reached the conclusions that “the growth of the conscious control of his destiny by man is the main content of history” and “history leads to a predetermined end, that it can be interpreted teleologically as a succession of achieved purposes” (Hayek, 1941, p. 200). He also associated this aspect of Hegel’s thoughts with “fatalism”, the notion that “history leads to a predetermined end” and there is nothing people can do to alter the course of history. Thus, Hayek reached the conclusion that Hegel had taken a “holistic approach” to evolution. Based on his interpretation of Hegel’s political philosophy, Hayek believed that Hegel was making the claim that “evolution must run a certain predetermined course”, “stages” or “phases” (Hayek, 2013, p. 23, 24). Hayek associated this approach to evolution with “artificial order” (Hayek, 2013, p. 36).

Hayek argued that Hegel and other philosophers of the historicist tradition accepted “socialism” as the latest stage of historical development (Hayek, 1989, p. 108). He further claimed that historicist philosophers believed that “all order is the result of design” and that it (order) could be improved through the “better design of some superior mind” (Hayek, 1989, p. 108). Additionally, he explained that historicist philosophers defended the existence of “necessary laws of historical development” (Hayek, 2011, p. 345). In fact, Hayek’s arguments against the historicists focused on their praise for the rational conscious design of the institutions of society, their neglect of spontaneous forces, and their failure to understand the importance of the limited nature of human knowledge. Hayek explained that the historicist approach supported the idea that social institutions, social structures, and developments and progress in society were the results of conscious design. He claimed that Hegel, like other historicist philosophers, attributed too much importance to human reason in the historical evolution and progress of societies in his philosophy, which hindered his ability to understand that human reason has its limitations. In other words, Hegel and other historicist philosophers did not understand the “limitations of the powers of conscious reason” and, as a result, rejected “all the

institutions, and customs which have not been consciously designed” (Hayek, 1964, p. 92).

Furthermore, Hayek argued that “historicism supports...legal positivism” which he explained is based on the deliberate making of laws (Hayek, 2011, p. 345, 346). More precisely, Hayek stated that “law by definition consists exclusively of deliberate commands of human will” (Hayek, 2011, p. 346). He claimed that it is mainly in Germany where “this positivism gain such undisputed sway in the second half of the last century” (Hayek, 2011, p. 346). He argued that at the end of 1920s, legal positivism had “completely conquered Germany” (Hayek, 2011, p. 349). In addition to Nazi Germany, Hayek also associated legal positivism with “Fascist Italy and Russia” (Hayek, 2011, p. 350). It should be noted that Hayek did not directly associate these countries with Hegel’s political philosophy; his writings implied that this was the case. More precisely, for him Hegel was one of the most important historicists, and claims that historicists support positive legalism, and development and domination of positive legalism exist in the totalitarian systems.

Hayek also argued that the defenders of historicism, as well as their followers, failed to comprehend the limited nature of human knowledge (Hayek, 1964, p. 91). Thus, according to Hayek, Hegel failed to recognize the crucial role of limited dispersed knowledge in the co-operation that transpires between many individuals with different or competing goals and ends. This led him to make the claim that Hegel did not appreciate the fact that “the interaction of the efforts of individuals can create something greater than they know” (Hayek, 1964, p. 203).

Contrary to the historicist approach, Hayek believed that social institutions are outcomes of the “unintended” and “separate actions of many individuals” (Hayek, 1964, p. 65). Thus, he claimed that historicist philosophers failed to acknowledge the role of spontaneous social forces in the development of social institutions and social structures.

Hayek argued that social institutions, progress¹⁶³, and historical developments cannot be reduced to general rules and laws; they cannot be deliberately planned, predicted and shaped because they are the results of spontaneous forces and “the interaction of innumerable human minds” (Hayek, 1964, p. 74).

In addition to briefly focusing on Hegel’s role in the development of the historicist approach, Hayek also examined his role in the development of “constructivist rationalism”¹⁶⁴. Hayek attributed the origin of “constructivist rationalism”¹⁶⁵ to Plato’s philosophy and its development to Hegel, Decartes, Hobbes, Rousseau and Marx (Hayek, 1967, p. 94). However, he sought to ensure that Hegel’s contributions to the development of “constructivist rationalism” were well understood (Hayek, 1967, p. 93).

Hayek identified “constructivist rationalism” with the belief that “all laws were invented for a known purpose rather than the articulation or improved formulation of practices that had prevailed because they produced a more viable order than those current in competing groups” (Hayek, 1978, p. 83). He further explained that “constructivist rationalism” aims to make “everything subject to rational control, in its preference for the concrete and its refusal to submit to the discipline of abstract rules” (Hayek, 2013, p. 33). He was of the opinion that such views, which are based on the power of reason, would reject “all rules that cannot be rationally justified or have not been deliberately designed to achieve a specific purpose” (Hayek, 2011, p. 345). According to Hayek, the defenders of “constructivist rationalism” placed a high value on the power of reason, which he was very critical of, arguing that “[r]eason is like a dangerous explosive which, handled cautiously, will be most beneficial, but if handled incautiously may blow up a civilisation” (Hayek, 1967, p. 94). In other words, Hayek believed that “constructivist rationalism...comes to join hands with irrationalism” (Hayek, 2013, p. 33). He emphasized the point that “the open society” and “all modern civilizations” are outcomes

¹⁶³ According to him, progress refers to “a process of formation and modification of the human intellect, a process of adaptation and learning in which not only the possibilities known to us but also our values and desires continually change” (Hayek, 1960, p. 40). Additionally, he also believed that progress “always leads into the unknown” (Hayek, 1960, p. 40).

¹⁶⁴ According to Hayek, one of the features of “constructivist rationalism” is legal positivism (Hayek, 2013, p. 70-89).

¹⁶⁵ Hayek defended the notion of “critical rationalism” as opposed to “constructivist rationalism”, because it stresses the importance of recognizing “the proper limits of reason in the arrangement of social affairs” (Hayek, 1967, p. 95).

of spontaneous interaction and “the discipline of abstract rules”, as opposed to resulting from “constructivist rationalism” (Hayek, 2013, p. 32, 33). Hegel’s support for “constructivist rationalism” was another point that Hayek used to argue that he was an enemy of “the open society”.

Hayek warned that “there is great danger that in trying to force on society what we think is a rational pattern we may smother freedom which is the main condition for gradual improvement” (Hayek, 1967, p. 95). As such, he reached the conclusion that “sometimes grown institutions which nobody has invented may provide a better framework for cultural growth than more sophisticated designs” based on “constructivist rationalism” (Hayek, 1967, p. 95). Hayek claimed that the power of reason, rational design, and the possession of perfect knowledge were highly valued by the defenders of the “constructivist rationalism” (Hayek, 1978, p. 82, 83). To the contrary, he argued that knowledge is not perfect; it is dispersed and the consequences of actions are “unforeseeable” (Hayek, 1978, p. 84).

In addition to accusing Hegel of contributing to the development of “constructivist rationalism”, Hayek also faulted him for “the substitution of the term ‘will’ for ‘opinion’”¹⁶⁶ (Hayek, 1978, p. 82, 83). According to Hayek, this substitution was a direct outcome of “constructivist rationalism” (Hayek, 1978, p. 83). Hayek explained that this substitution is significant because “will” aims for “a particular [concrete] result”, or “particular actions serving particular end” (Hayek, 1978, p. 85). As a result, the defence of a common will to achieve a particular end requires the negation of individual ends.

Hayek defended “opinion” against “will”, arguing that “opinions...have no purpose known to those who hold them” (Hayek, 1978, p. 85). He emphasised that, contrary to “will”, individuals are able to hold opinions without having “any known reasons for them” (Hayek, 1978, p. 85). For this reason, Hayek maintained that “[t]he possibility of an Open Society rests on its members possessing common opinions...its

¹⁶⁶ Hayek also accused Rousseau of “the substitution of the term ‘will’ for ‘opinion’” (Hayek, 1978, p. 82, 83).

existence becomes impossible if we insist that it must possess a common will issuing commands directing its members to particular end” (Hayek, 1978, p. 86). He further added that “[t]he members of an Open Society have and can have in common only *opinions* on values but *not* a *will* on concrete ends” (Hayek, 1978, p. 86). Hayek associated “will” with a system based on a commander who directs the members of society in order to achieve common ends.

In addition to examining Hegel’s contributions to the development of “constructivist rationalism” and the historicist approach, Hayek was also very concerned with the development of historicism in the period immediately following Hegel and before the emergence of the totalitarian regimes of the 20th century. He argued that “Young Hegelians” were influenced by the Saint-Simonian doctrine, which became “the basis of all the socialist movements” by 1840 (Hayek, 1964, p. 160, 164). More precisely, he claimed that Saint-Simon’s views regarding the scientific approach directly influenced the views of the “the Young Hegelians” with respect to the importance of applying the methods of physical science to the social sciences since the early 1830s (Hayek, 1964, p. 160). For example, he explained that “G. Kuehne, a Hegelian philosopher”, claimed that the Saint-Simonian doctrine was “the French counterpart of Hegelianism” (Hayek, 1964, p. 161). He also provided another example to demonstrate the connection between the Saint-Simonian doctrine and Hegelianism, which was that of Ludwig Feuerbach and Lorenz von Stein. Feuerbach and Stein were “Hegelian” and influenced “Marx and Engels”; both believed that “Positivism¹⁶⁷ and Hegelianism were so completely combined” (Hayek, 1964, p. 161). Hayek also explained that Stein and Saint-Simon were among the intellectuals that influenced “Bismarck’s social policy and ideas” (Hayek, 1964, p. 167).

Hayek associated the rise of totalitarian regimes in the 20th century with Hegel to some extent, as evidenced by his claim that Hegel was “the fountain head of most modern irrationalism and totalitarianism” (Hayek, 2013, p. 32). More precisely, he accused Hegel of influencing totalitarian regimes in the 20th century because, according to Hayek, his

¹⁶⁷ For Hayek, positivism is “the ideology of socialism” that basically aims to realize “complete control over the social order”.

political philosophy is based on the existence of a strong state that aims to realize a predetermined final end (Hayek, 1941, p. 206). For example, in *The Road to Serfdom*, Hayek argued that fascism, Nazism and communism were the consequences of following “false prophets” (Plato, Hegel, and Marx) (Hayek, 1994, p. 34). It can be said that Hayek considered “the road to serfdom” to essentially be “a German Road”, which basically refers to a society of unfreedom whose origins can be traced back to the German Historical School of Economics and Hegel (Tribe, 2009, p. 71). It is evident that both Hayek and Popper viewed the Hegelian state as being shaped according to the historicist approach, making it an enemy of the open society, and regarded Hegel’s writings as “dogmatic regress” in the area of political philosophy. In fact, Hayek and Popper accused the historicist approach of destroying free liberal society in the 20th century, which is why they so strongly argued against historicist theorists strongly and sought to eliminate the historicist approach from all social sciences.

6. 5. An Evaluation of Popper and Hayek’s Accusations against Hegel

There is no doubting the fact that Hegel’s views on the role of the state and the concept of freedom were significantly influenced by the “political, legal, economic and social conditions in France, Britain and Germany” in the 18th and 19th centuries, the French Revolution¹⁶⁸, the defeat of Prussia, the Napoleonic conquests, German monarchical reforms, and the views of his predecessor thinkers, mainly Rousseau, Kant, and Fichte (Houlgate, 1991, p. 77, Patten, 1999, p. 48). However, despite their importance, this section will not examine the relationship between Hegel’s idea of freedom and those put forth by the thinkers that preceded him, or the political, legal, economic and social conditions of his time. Instead, it will focus on determining the validity of Hayek’s accusations that Hegel promoted the historicist approach and an illiberal state, feared “open societies”, and laid the foundation for the establishment of the fundamental principles of totalitarian regimes.

¹⁶⁸ Marcuse mentioned that Hegel admired the “Restoration state” in his “political theory”, due to the fact that he believed it symbolized the enduring accomplishments of the “modern era”, particularly “the German Reformation, the French Revolution, and idealist culture” (Marcuse, 1968, p. 409). At the same time, Hegel criticised the French Revolution for the elimination of all its “institutions” (PR, p. 30). According to him, the French Revolution did not achieve freedom, but engendered “a new despotism” (Marcuse, 1968, p. 91).

It is important to note that such criticisms were not only put forth by Popper, but also by a number of other notable writers, including Schwegler, “Stahl”, “Erdmann, Haym, Ruge, Rosenkranz, Fischer”, and Schopenhauer¹⁶⁹ (Riedel, 1984, p. 160). All of those thinkers were particularly critical of the ideas that Hegel expressed in *Philosophy of Right* (1820). To be precise, they criticized Hegel for referring to the state as “God on the earth”, advocating the subordination of civil society¹⁷⁰ to the state, and defending “loyalty towards the State” as “man’s highest duty” (Weil, 1998, p. 18). However, this section will not detail the specific criticisms levelled by each of these notable writers, as the main focus will be to evaluate whether or not Popper’s criticisms of the Hegelian state rested on solid foundations.

It should be emphasized that Hayek and Popper did not appear to possess adequate knowledge of Hegel’s theoretical work in the area of political philosophy. In other words, despite the fact that they commanded significant influence in the area of liberal thought, their uncompromising criticisms of Hegel were not based on particularly solid foundations. For instance, when Popper was in the process of writing *The Open Society and Its Enemies*, he was actually living in New Zealand¹⁷¹ and admitted to having limited access to “library resources”, which led him to read “whatever was available” (Hacohen, 2000, p. 392, Popper, 1992A, p. 119). This was partly to blame for him reading “only selections of Hegel and virtually no scholarly work on him” (Hacohen, 2000, p. 428). Thus, it could be argued that Popper had “a shockingly superficial and selective reading of Hegel’s work” (Houlgate, 2008, p. VII).

While it is true that Popper had limited access to “library resources”, “he made only moderate effort to understand him [Hegel]”, as he primarily relied upon a few citations from “*Hegel Selections*, ed. Jacob Loewenberg, The Modern Student’s Library

¹⁶⁹ Another important critique of the Hegelian state that is worth mentioning is the fact that Karl-Heinz Ilting (1971) agreed with Popper’s accusation that the Hegelian state was illiberal. However, his views on this subject eventually (1973) diverged from those of Popper. On Ilting’s reading, Hegel unsuccessfully combined classical and modern conceptions of the state, and ultimately opted for the former because of the intractable contradictions he identified in modern ethical life.

¹⁷⁰ Neuhauser believed that, in the modern world, civil society was “the market-governed realm of production and exchange” (Neuhauser, 2000, p.3).

¹⁷¹ “In the 1930s New Zealand was still a provincial colonial society, almost “cut away from the world”” (Hacohen, 2000, p. 336).

of Philosophy (New York: Scribner's, 1929)" (Hacohen, 2000, Nn 183, p. 428). This book contained selections from Hegel's "*The Phenomenology of the Mind* and the *Encyclopedia*", "*Lectures on Aesthetics*, *The Philosophy of History*, and *The Philosophy of Right*" (Hacohen, 2000, Nn 183, p. 428). While "Popper did consult *The Philosophy of Right* to identify paragraph numbers for the Loewenberg quotation", he did not take the initiative to do any further research on Hegel's political philosophy; instead, he allowed himself to be influenced by "Schopenhauer's and Kierkegaard's critiques of Hegel" (Hacohen, 2000, Nn 21, p. 389, Nn 183, p. 428). It should be noted that Schopenhauer claimed that Hegel was "a paid agent of the Prussian government" (Houlgate, 2008, p. VIII). Other books and articles that shaped Popper's view of Hegel included: "Kolnai's *The War Against the West*", "C.D. Broad's *Examination of McTaggart's Philosophy*, 2 vols." (1933), "C.E.M. Joad's judgment of Hegel: *Guide to the Philosophy of Morals and Politics*" (1938), John Macmurray's "*The Clue to History*" (1939), "Arnold Toynbee's *A Study of History*, 3 vols." (1934) (Hacohen, 2000, Nn 21, p. 389, 428, 437).

Additionally, Popper's views were influenced: directly by Leonard Nelson's view of Hegel; and, indirectly by Rudolf Haym's (1821-1901) critique of Hegel that he expressed in *Hegel und seine Zeit*, which Nelson also used in his own critique of Hegel (Hacohen, 2000, p. 429). It is important to point out that most German intellectuals of the late 19th century who influenced Popper's criticisms of Hegel had a negative opinion of Hegel and the Hegelian state; these German intellectuals regarded Hegel as a "German nationalist and a Prussian reactionary", meaning that "Hegel was transformed from a reactionary antinationalist to a reactionary nationalist" (Hacohen, 2000, p.125). For example, Haym described "Hegel's philosophy...[as] the 'scientific home of *the spirit of the Prussian restoration*'" (Houlgate, 2008, p. X). "Constantin Rössler (1820-96) described Hegel as prophet of Bismarckian *Machtpolitik*" (Hacohen, 2000, p.125).

It is also worth noting that Popper's view that Hegel's political philosophy was associated with the modern totalitarian idea of the state was due, in part, to being influenced by the views of Friedrich Fries (1773-1843), "a leading nationalist intellectual" in "the early restoration years" (Hacohen, 2000, p.124). In fact, Fries played

a significant role in Hegel gaining a reputation of being a defender of the Prussian authority, which led to a negative perception of him (D'Hondt, 1968, p. 121). According to Jacques D'Hondt, in *Hegel en Son Temps* (1968), Fries gained a false reputation of being an expert on Hegel's political philosophy.

D'Hondt explained that Fries and Hegel knew each other for a very long-time. They first met in 1801 when, at the insistence of his friend Friedrich Wilhelm Joseph Schelling (1775-1854), Hegel moved from Frankfurt to Jena, where Fries was a student (D'Hondt, p. 124). Not long after that, they developed rivalry on account of differences in opinion with regards to philosophical issues (D'Hondt, 1968, p. 124). This rivalry transformed itself into a "*longue querelle*", when Hegel obtained a post at the University of Heidelberg in 1816 where Fries had already been working for some time (D'Hondt, 1968, p. 126, 127, 131). The rivalry continued even after 1818, when Hegel left to accept a position at the University of Berlin (D'Hondt, 1968, p. 132).

As for the rivalry itself, Hegel was critical of Fries' subjectivity and "*sentimentalism*", as well as his nationalism (D'Hondt, 1968, p. 133). Additionally, "Hegel attacked Fries and justified Prussian repression of the nationalists in his preface to *The Philosophy of Right* (1821)" (Hacohen, 2000, p.125). "He contented that Fries' politics resulted from his Kantian subjectivism, agnosticism, and romanticism" (Hacohen, 2000, p.125). Even though Popper had a high opinion of Fries and cited his views in his own writings, it appears that Popper did not actually possess adequate knowledge of Fries' philosophy. For example, Popper appears to not only have been ignorant of Fries' defences of nationalism, republican, and nationalistic activities, but also of the specific criticisms that Hegel directed against them (Hacohen, 2000, p.125).

As it turns out, Popper was actually living in New Zealand when he was in the process of writing *The Open Society and Its Enemies* and, as a result, had limited access to "library resources". In all likelihood, he did not have access to the actual documents, books, and articles pertaining to the discussions between Fries and Hegel on philosophical issues. Thus, Popper's views on Fries and Hegel were strongly influenced

by Leonard Nelson, who was an opponent of Hegel's philosophy. Nelson, in turn, was influenced by Rudolf Haym, primarily the criticisms that Haym directed at Hegel in *Hegel und seine Zeit*. It should be noted that Nelson was also influenced by Fries; in fact, he played a significant role in Fries gaining the reputation of being a "progressive Kantian philosopher" (Hacohen, 2000, p.122). Given Popper's lack of resources, Nelson likely played some role in Popper's decision to associate Fries' writings with "progressive philosophy"; he was "unaware...how badly Fries's¹⁷² politics fit with progressive Kantianism" (Hacohen, 2000, p.124). In fact, Popper viewed his own work as the continuation of progressive philosophy.

Although Popper possessed limited and inadequate knowledge of Hegel's intellectual work, he nonetheless accused him of being a "representative of tribal nationalism", an "apologist of the Prussian State", responsible for the awakening nationalist sentiments, being an enemy of open societies, and influencing modern totalitarianism in the 20th century (Hacohen, 2000, p.125). The "Hegel scholar" and "critics" of the time did not take the attacks that Popper directed against Hegel in *The Open Society and Its Enemies* very "seriously"¹⁷³ (Hacohen, 2000, p. 428). It should be noted that Popper's criticism of Hegel were much more detailed, ruthless, and unsympathetic than those of Hayek. In fact, some argued that, unlike Hayek, Popper applied "propaganda techniques to caricature Hegel" and "twisted his [Hegel's] ideals into their opposite, attributed to him false motives" (Hacohen, 2000, p. 438, 439).

6. 5. 1. Hegel: An Apologist for the Prussian State?

In his book, *Reason and Revolution: Hegel and the Rise of Social Theory* (1968), Herbert Marcuse defended Hegel against the charges that he was an apologist for the Prussian state and that his philosophy was compatible with totalitarian regimes. M. Knox (1970), Joachim Ritter (1977) shared similar views with Marcuse, as they argued that

¹⁷² Hacohen claimed that Fries "became part of the liberal, cosmopolitan, antinationalist camp only because Nelson, Kraft, and Popper focused on his enemies' politics, rather than his own" (Hacohen, 2000, p.124).

¹⁷³ Influential political philosophers Leo Strauss and Eric Voegelin were highly critical of *The Open Society and Its Enemies* and did not view it as a "masterpiece" (Jarvie and Pralong, 1999, p.7).

many of the charges made against Hegel were unwarranted. Furthermore, many other authors and political thinkers including Avineri (1972), Pelczynski (1984), Franco (1999), Patten (1999), and Smith (1991), defended Hegel against the accusation that he provided an intellectual foundation for totalitarian regimes of the 20th century. Some of those thinkers, in fact, argued that Hegel's conceptions of civil society¹⁷⁴, constitutional monarchy, freedom, and spontaneous order are irreconcilable with the fundamental principles of totalitarian regimes.

According to Marcuse, the accusation that Hegel was an "apologist of the Prussian State" did not make sense for two main reasons. First of all, the dominant and official "social and political philosophy of the last half century of the nineteenth century remained anti-Hegelian" (Marcuse, 1968, p. 390). Secondly, Hegel's political philosophy was opposed to "the revolution of nationalism" (Marcuse, 1968, p. 390). In his book *Between Tradition and Revolution: The Hegelian Transformation of Political Philosophy* (1984), M. Riedel seemed to agree with Marcuse's view, as he also briefly commented that the criticisms directed against the *Philosophy of Right* and the Hegelian state were primarily due to "political developments" that transpired in Germany "after 1840" (Riedel, 1984, p. 160). In actuality, Hegel was virtually forgotten in Germany during the last few decades of the 19th century. Thus, Marcuse argued that Popper's accusation that Hegel's philosophy provided an "apology for Prussian absolutism" was baseless, as Hegel was not an influential academic in the Prussian state, nor did he alter his political and philosophical views in order to satisfy "the Prussian authorities". While it was true that Hegel was a professor by profession, which meant he was technically a worker of the Prussian state "since all university professors...were state employees", in reality, he was never actually involved in any close relationships with "the king or to party of restoration" (Houlgate, 2008, p. XI).

Furthermore, D'Hondt explained that all of Hegel's philosophical works were fundamentally opposed to "the king or to party of restoration" (D'Hondt, 1968, p. 42).

¹⁷⁴ Contrary to Hobbes, Hegel rejected the notion of the state of nature to justify the existence of civil society and the authority of the state, although he did attribute an important role to patriotism.

Hegel was against “l’idée de *restauration*, [en] politique, implique bien le rétablissement d’une ancienne forme de gouvernement, le retour à un ancien régime, le rappel d’une dynastie autrefois évincée” (D’Hondt, 1968, p. 42). D’Hondt further elaborated that, in practice, Hegel hated “la Restauration in Europe” and condemned it in theory (D’Hondt, 1968, p. 45). Also, Hegel’s savage polemic against Haller¹⁷⁵ and the Historical School of Law in *the Philosophy of Right* provides ample evidence of this political orientation.

It is important to understand that Hegel was not a reactionary Prussian, as Popper suggested. Hegel supported a series of reforms, led by Stein and Hardenberg, that were implemented after the Prussian defeat in Jena in 1806 (D’Hondt, 1968, p. 30). The goal of these reforms was to modernize the political, social and economic institutions of Prussia (D’Hondt, 1968, p. 30). More specifically, these reforms were about encouraging competition, abolishing serfdom, liberalizing the Prussian economy, modernizing trade, agriculture, the military, and the system of education (D’Hondt, 1968, p. 30, 31). Therefore, “Hegel was by no means as closely associated with reactionary figures in the Prussian state as Schopenhauer, Haym, and Popper would have us believe” (Houlgate, 2008, p. XII). In fact, “reactionary figures in the Prussian state” were “unhappy with Hegel, [they] censored his work, and put him and his students under police surveillance” (Hacohen, 2000, p. 434).

Furthermore, according to Terry Pinkard, the ideas that Hegel expressed in *Philosophy of Right* (1820) were conceived before his arrival in Prussia in 1818 (Pinkard, 2000, p. 286). That means Hegel did not change his political and philosophical views in order to support “the Prussian absolutism”. In *Hegel’s Idea of Freedom* (1999), Alan Patten argued that, in order to comprehend the roles that state authority and individuals (members of the state) played in the actualisation of freedom, it is necessary to understand that Hegel’s idea of freedom, which will be addressed later in this chapter, does not constitute an “apology for Prussian absolutism”, as claimed by Popper.

¹⁷⁵ Hegel stated that “[Haller] has not only consciously renounced the rational content of the state, as well as the form of thought...” (Hegel, 2008, p. 231). Hegel also identified Haller as an “enemy of codes of law” (Hegel, 2008, p. 232). According to Hegel, “Haller’s ‘virulent hatred of all laws and legislation, of all formally and legally determined right’, and so shows him to be at odds with the principles of modern freedom” (Houlgate, 2008, p. XII).

It seems that Popper failed to grasp the fact that Hegel was actually criticizing the Prussian State under Friedrich Wilhelm II between 1786 and 1797, during which time it was a centralized, oppressive, and absolute monarchy (Weil, 1998, p. 10). Some of the qualities that characterized the Prussian State during the rule of Friedrich Wilhelm II included despotism, serfdom, censorship, and a lack of “unity and a national spirit” (Marcuse, 1968, p. 13). It was during the rule of Friedrich Wilhelm III, the successor of Friedrich Wilhelm II who ruled between 1797 and 1840, that Hegel regarded the Prussian State as “the model of perfect freedom” (Weil, 1998, p. 15). It would not be wrong to state that the Prussia of Friedrich Wilhelm III was, “more or less”, “a realisation...of the State based on freedom” (Weil, 1998, p. 56). If Hegel had been alive during the rule of Friedrich Wilhelm IV, who ruled during 1840 – 1857, he would have been very critical of Prussia at that time, as he would not have considered it to be a state based on freedom.

In fact, those thinkers that defended Hegel against charges that he was an apologist for the Prussian state and that he was responsible for Germany’s actions in the Second World War, argued that Hegel would have been opposed to the nationalist movements that took place in Germany in 1848 under Bismarck and during the times of Nazi Germany under Hitler, because he was completely against “the revolution of Greater German nationalism”. Additionally, he was of the opinion that “the end of the state is the happiness of the citizens”, which was not the case under Hitler’s power.

6. 5. 2. Hegel and Constitutional Monarchy

In addition to accusing Hegel of being an “apologist of the Prussian State”, Popper also claimed that he transformed German liberalism into the authoritarian power. In actuality, however, Hegel defended “a constitutional monarchy”¹⁷⁶ that was centred on “a strongly centralized administration”; he considered this to be the highest form of state, where the monarch is “elevated above all special interests”, while the state is rationally organized. Indeed, many of the criticisms levelled against Hegel’s political philosophy

¹⁷⁶ Hegel’s support for “monarchy” can be explained within the social, political and economic contexts of his time. For example, the re-establishment of “the monarchy” after the revolutions in England and France played an important role in Hegel’s view of the state (Weil, 1998, p. 62).

and his defence of state authority were directed at his support for “an individual representative of sovereignty”, namely the prince; this is generally accepted as “the most vulnerable part” of his political philosophy.

Even though Hegel’s constitutional monarchy can be very problematic at times, Popper’s criticisms neglected to mention the fact that Hegel actually placed a high value on individual freedom. Popper often argued that the Hegelian state was neither a protector nor a promoter of freedom. To the contrary, however, Hegel argued that the achievement of freedom was the primary preoccupation of the constitutional monarchy; as a result, he envisaged a limited monarchical authority (Pinkard, 1996, p. 39, 292). Hegel was very aware of the difficulties associated with reconciling freedom with monarchical authority or state authority. Thus, he sought to achieve freedom to “the fullest extent” within the confines of the constitutional framework. He believed that the existence of a constitutional monarchy would ensure that the prince could be neither a despot nor a tyrant.

In order to prevent the prince from becoming a despot or a tyrant, Hegel contended that his decisions would have to be formulated and evaluated according to rational laws and the rules of the state¹⁷⁷, with the interests of the nation being represented by “the legislative branch”, ministers, and “the administration” of the country (Weil, 1998, p. 62, 63). Therefore, Popper seems to neglect the fact that Hegel’s constitutional monarchy required “the separation and division of powers” between the monarch, “the executive” and “the legislature”; it is necessary to maintain “continual harmony and cooperation” between the three of them in order to achieve freedom (Hegel, 2008, p. 279, 280, Smith, 1991, p. 154)

Contrary Popper’s accusations, Hegel separated power within the state by dividing authority between the monarch, ministers, experts, civil servants, and ethical institutions, in order to secure the necessary conditions of freedom. Thus, while the prince was clearly an important figure within the state, Hegel attributed active roles to

¹⁷⁷ According to Hegel, “the rationality of law” was “the life element of the modern state” (Marcuse, 1968, p. 180).

citizens (who belong to “political estates”¹⁷⁸), “the civilian servant” (who is not a political entity) and experts (who identify the nation’s problems and find solutions) (Weil, 1998, p.68). More specifically, civil servants administered society impartially and rationally while taking the universal interests of the state into consideration without any regard for their own particular interests (Smith, 1991, p. 149, 150). Meanwhile, professionals (or experts) produced the information required by the civil servants to allow them to administer society.

In Hegel’s political philosophy, this division of authority ensures that “the power of decision rest with the king, but it is not he who decides when or what will be decided; he can say no, but it is not up to him to invent, create, or govern” (Weil, 1998, p. 64). He is the “commander chief” that “signs laws” and is responsible for international affairs and the appointment of ministers; he makes “war and peace” and concludes “treaties of all kinds” (Hegel, 2008, p. 310, Weil, 1998, p.63). Furthermore, Popper ignores the fact that Hegel’s prince rules based on the universal will rather than his own “particular will” or private interests. More precisely, he fails to comprehend that, for Hegel, “the monarchy is necessary” in order to resolve “the constitutional question of sovereignty” (Smith, 1991, p. 155). In other words, “the sovereignty of the state is guaranteed” through the monarchy (Smith, 1991, p. 155). That means the accusations that Hegel supported and promoted unlimited monarchical power were unfounded. That is to say, Popper’s accusations that Hegel’s constitutional monarchy, which represents the unity of the state, was despotic and relied on coercive and violent means to achieve its ends were the result of misreading Hegel’s political philosophy. Contrary to his assertions, Hegel tried to avoid a state that was despotic and used coercive and violent measures. He did not defend or promote “violence” and “force” in domestic matters or foreign policy. In fact, he was against coercive powers, as well as intervention on the part of an external authority, in the deliberations and choices of individuals. Furthermore, the Hegelian state is not coercive, because it requires active participation on the part of citizens in the institutions of the state.

¹⁷⁸ Hegel does not accept any notion where “the people” represent a sovereign “political factor” on account of his belief that effectiveness in the realm of politics necessitates the “consciousness of freedom”. On many occasions, Hegel has stated that “the people” still have not attained such a level of “consciousness” and that they do not yet have an understanding of their “true interest”; therefore, they represent a fairly “passive” component of the “political process” (Marcuse, 1968, p. 414).

Contrary to Popper's accusations, it appears as though Hegel supported a form of "constitutional monarchy" that was "hospitable" to freedom, as he was clearly formulating a system designed to prevent the abuse of power by the monarch. More precisely, he tried to establish a system where freedom could be achieved by restricting the prince's role through the constitution. There is no question that he believed it was necessary to obey the prince, rational laws, and the institutions of civil society (or ethical life, which is "the concept of freedom *developed into the existing world and the nature of self-consciousness*") in order to achieve and actualize freedom (Hegel, 2008, p. 154). However, he was convinced that such obedience did not represent a danger or limitation to freedom, as the constitutional monarchy and the legal and institutional frameworks are more than mere components of coercive power. They actually play a crucial role in the achievement of freedom by providing a wider range of choices for individuals, in addition to securing liberal principles such as security, property rights, individual freedom, and the life and welfare of individuals¹⁷⁹. He regarded the prince, rational laws, and the institutions of *Sittlichkeit* as necessary because of the human failure to freely, consciously and rationally relate to the external world. However, this should not be confused with the notion that the state possesses the legitimate power to determine the manner by which its citizens practice freedom, even though it is required to provide the conditions and capacity required for them to be self-determining agents.

Hegel strongly believed that "the state...was actuality of the ethical idea" (Stedman Jones, 2002, p. 90). In fact, he envisaged a harmony between the state and the achievement of freedom, where it would not be possible for the state to annihilate individual freedom (Hegel, 2008, p. 234, 235). Although achieving such a harmony requires that individuals obey the laws and participate in "the institutions of the civil state", this does not mean that all institutions and laws are ethical and that individuals are obliged to blindly follow them. To the contrary, despite the fact that the duties and virtues

¹⁷⁹ However, Hegel was not proposing a state based on distributive justice or a welfare state that would protect individuals against any form of contingency or external constraints.

of ethical life are universal and law¹⁸⁰ is a “dimension of freedom”, individuals were not supposed to “unreflectively” accept them (Smith, 1991, p. 145, 146). They were, instead, supposed to evaluate these duties and virtues and then, based on their knowledge of “good and evil”, determine whether or not they are ethical. Individuals need to judge and recognise laws as “just” and “rational”, based on their own reason and thought, before deciding whether or not to obey them. Hegel was opposed to the notion of individuals uncritically subjecting themselves to the authority of the state, religion, or other powers, as he took this to represent a lack of freedom. He argued that, in order to be free agents, individuals are required consult their own reason, conscience, thoughts, and convictions so as to evaluate and justify their decisions and actions (Cristi, 2005, p. 57, Patten, 1999, p. 44, 69, 1999).

6. 5. 3. *Hegel on Freedom and the Institutions of Sittlichkeit*

Hegel defined freedom¹⁸¹ as “being-with-oneself-in-an-other” (*Beisichselbstsein in einem Anderen*) (Laugland, 2007, p.31, Neuhouser, 2000, p. 19). This definition involves relationships with oneself, others, and the world, all which require self-understanding, as well as an understanding of others and of the world (Neuhouser, 2000, p. 22). For Hegel, freedom as “being-with-oneself-in-an-other” is realized by the unification of subjective freedom¹⁸² (“being with oneself”¹⁸³) and objective freedom¹⁸⁴

¹⁸⁰ In Hegel’s view, law refers to “codified positive rules”, “the whole system of ethical norms and values”, as well as “positive legal justice” (Smith, 1991, p. 145, 146).

¹⁸¹For Hegel, the concept of freedom consists of two components: “practical freedom” and “speculative freedom”. Speculative freedom is based on “philosophical contemplation”, whereas practical freedom has three forms: personal freedom, moral freedom and social freedom, each of which has its own “right”.

¹⁸²Subjective freedom is an essential component of social freedom. Hegel also refers to subjective freedom as “abstract or negative freedom”, which refers to “being with oneself”; it essentially means being “at home”. Subjective freedom requires the complete absence of external intervention or restrictions on individual thoughts, determinations, and actions. Therefore, individuals are permitted to pursue their particular ends, interests, desires, and inclinations based on their own self-determining wills.

¹⁸³“Being with oneself” refers to being “at home”, “self-sufficient”, and “independent”.

¹⁸⁴Objective freedom is an essential component of social freedom. Objective freedom is attributed “to a system of institutions but not to individuals themselves”; it basically aims to secure the social conditions that are necessary for rational self-realization (Neuhouser, 2000, p. 119). Guaranteeing these conditions requires the existence of rational laws instead of abstract rights and institutions of the constitutional state, which represent authority (Houlgate, 2008, p. XXVII). These rational laws create the social order and social conditions that are essential for individuals to actualize their personal and moral freedom (Neuhouser, 2000, p. 6, 83, 120). That means objective freedom is realized in “the external world” via state authority and its rational “laws and institutions” (Neuhouser, 2000, p. 21, 82).

(“being with other”¹⁸⁵) (Neuhouser, 2000, p. 19). This unity¹⁸⁶ of subjective and objective freedom has been labelled social freedom¹⁸⁷.

Relationships with oneself, others, and with the world require that actions are guided by free “self-determining will”. The concept of free will¹⁸⁸ finds its origins in the writings of Rousseau. Conversely, Hegel was of the opinion that “free will” does not require the state to identify with “universal will” or “general will”. Instead, he believed that individuals could realize “the universal will” through participation in ethical institutions or the institutions of *Sittlichkeit* (“ethical life”) (Neuhouser, 2000, p. 88, 89).

Hegel made it clear that participating in the institutions of *Sittlichkeit*, which play an important role in the development of ethical relationships and responsibility in the social lives of individuals, is an important aspect of freedom¹⁸⁹. Institutions of *Sittlichkeit* are formed across history based on the “customs, traditions, and practices of a community” (Smith, 1991 p. 8). Such institutions impose “specific rights”, “virtues” and “duties”, which restrict individual freedom in order to achieve ethical relationships (Smith, 1991, p. 8). These ethical “virtues and duties” are shared values and common conceptions of the good life; they unite individuals as parts of the ethical community (Patten, 1999, p. 185). Thus, when individuals make decisions, they do so by referring to the duties and virtues of the *Sittlichkeit*.

The institutions of *Sittlichkeit* include the family, civil society, and the state (Neuhouser, 2000, p.4, 43). Individuals affirm their individuality within the family, their particularity within civil society, and their universality in the state. Free individuals believed that the essence of their identity lies in their role as members of the institutions

¹⁸⁵“Being with other” refers to anything that is external to the individual, the world, laws, institutions, and state authority. More precisely, “being with other” involves the restriction of freedom.

¹⁸⁶Based on the unity of subjective and objective freedom, people not only focus on their individual interests, but also on those of civil society and the state (Neuhouser, 2000, p. 125). In other words, individuals do not completely externalize their wills in order to achieve individual ends and goals that are separate from universal goals and ends; instead, they want their individual will to be in accordance with the universal will. This would result in a harmony between individual, particular, and universal ends and goals.

¹⁸⁷“Social freedom” is derived from the concept of “ethical life” (Neuhouser, 2000, p. 18, 27). It is through social freedom that individuals are “at home in the world”.

¹⁸⁸ Rousseau is the first philosopher to accept “the free will as fundamental principle of political philosophy” (Neuhouser, 2000, p. 55).

¹⁸⁹ Hegel wanted individuals to feel “at home” in their ethical institutions, instead of feeling “alienated”.

of *Sittlichkeit* and their participation in family life, the state's political activities, and the economic activities of civil society (Neuhouser, 2000, p. 93).

Family represents the natural and “immediate unity” of the objective mind, where “love” is the primary factor through which family members are united (Neuhouser, 2000, p. 135). Family members are moved by “undeliberated love and trust” within their family unit, where each member of the family cares about the particular goals and ends¹⁹⁰ of other members, often treating them as their own (Neuhouser, 2000, p. 135, 144). The particular goals and ends of the family are basically concerned with the “welfare” or “well-being” of each member. However, as Hegel argued, pursuing one's own particular goals and ends as a family member is not detrimental for the achievement of universality (Neuhouser, 2000, p. 91).

The second institution of *Sittlichkeit* is civil society, which, according to Hegel, represents the link “between the institution of the ‘family’ and the ‘state’” (Riedel, 1984, p. 46). Civil society includes “the administration of justice”, “the corporation” and “the police”, all of which are important for securing property rights¹⁹¹ and providing “general security” and protection for “personal freedom” (Marcuse, 1968, p. 201, 213). Civil society has “various classes and estates [(the peasantry, the business class, and functionaries of the state)], each with its own distinctive outlook, interests, and ways of life” (Smith, 1991, p. 141). Hegel made it clear that, within civil society, the activities of individuals are involved in the production, distribution, and consumption of goods, meaning that individuals must work in order to satisfy their particular goals and needs.

Civil society basically involves business relationships and individual rights that are recognized by the rule of law. Individuals within a civil society focus exclusively on achieving their own particular goals, desires, needs and interests (Patten, p. 1999, 171). Hegel did not regard such behavior as “egoistic”, because individuals benefit the

¹⁹⁰ According to Hegel, particular goals and ends involve “the well-being (*Wohl*) of the agent who enjoys it” (Patten, 1999, p. 171). Furthermore, he believed that particular goals are related to “the satisfaction of some empirically given need, desire, inclination” of individual (Patten, 1999, p. 171).

¹⁹¹ According to Hegel, the recognition of property rights is essential for “the development of self-consciousness because property is result of labour and labour is realization of consciousness in its external form” (Plant, 1999, p. 109).

common welfare of the entire state by pursuing their particular goals and ends within civil society. In fact, they viewed themselves as “members of social” world, as opposed to “self-sufficient” and egoistic individuals (Neuhouser, 2000, p. 91).

Hegel identified civil society with a “depoliticised market economy”. In other words, individuals in a civil society contribute to the universal or collective interests through their economic activities. However, they do not consciously realize this, because each individual only cares about satisfying his or her particular goals and needs in the marketplace, rather than maximizing the universal or collective interest (Neuhouser, 2000, p. 136). As a result, cooperation takes place between individuals in the workplace, which improves the productive capacity of labour and leads to an increase in the division of labour as well as economic prosperity.

The state is the third institution of *Sittlichkeit*, which represents the universality of will and “impartiality” (Smith, 1991, p.132). It is generally accepted that people do not have freedom when an “authority” is present, because of the simple fact that they are consenting to “something external” instead of making decisions on their own (Patten, 1999, p. 71). Hegel was of the opinion that, unlike unjustified external authorities such as religion, customary practices, and traditions, the state authority is compatible with freedom (Cristi, 2005, p.12, Patten, 1999, p. 65). He argued that the authority of the state is not “the enemy of freedom”, because individuals would not be able to “develop and maintain capacities¹⁹² for freedom and reason¹⁹³” in the absence of the state and its institutions (Patten, 1999, p. 118).

Hegel sought “reconciliation” between freedom and the authority of the state (Cristi, 2005, p. 2). More precisely, he wanted reconcile individuality of the family and the particularity of civil society with the universality of the state. It is important to note that the “reconciliation” between freedom and the authority of the state is not achieved by

¹⁹² These capacities include rational reasoning, self-consciousness of freedom, self-understanding, all of which constitute important aspects of subjective and objective freedom.

¹⁹³ “Reason presupposes freedom, the power to act in accordance with knowledge of the truth, the power to shape reality in line with its potentialities” (Marcuse, 1968, p. 9).

forcing citizens to accept laws and rules of the state; rather, it is done by ensuring the conditions required for freedom, which allows people to embrace the universal will as if it were their own. That means individuals would recognize and voluntarily adhere to the rules and laws¹⁹⁴ of the state (Patten, 1999, p. 68). In other words, they would voluntarily behave in a manner that conforms to the laws and institutions of the state. This voluntary conformity of actions and behaviors on the part of individuals to the rational laws and institutions of the state guarantees a mutual restriction of people's actions.

Hegel stressed the importance of individuals participating in the institutions of *Sittlichkeit*, family, civil society, and the state in order to reconcile freedom and the authority of the state. He regarded such participation in the ethical life as “the highest practical good” (Patten, 1999, p. 38). Individuals need to voluntarily participate in the institutions of *Sittlichkeit* (Patten, 1999, p. 25). That means individuals participate in the institutions of *Sittlichkeit* by following their own wills, without being subject to any forms of coercion (Neuhouser, 2000, p. 83).

According to Hegel, when individuals focus on their private goals and ends and only seek to maximize their self-interests in the economic arena without participating in the institutions of *Sittlichkeit*, they are driven towards “unnecessarily narrow lives that fall short of realizing the full range of possibilities for selfhood offered by the modern world” (Neuhouser, 2000, p. 144). He claimed that it is through participation in the institutions of *Sittlichkeit* that individuals are able to feel at home, as opposed to having a sense of alienation from these institutions (Neuhouser, 2000, p. 86). In fact, participation in three “institutions” of *Sittlichkeit* (family, civil society, and the state) plays a significant role in the actualisation of: the three forms of practical freedom¹⁹⁵, which are personal¹⁹⁶, moral¹⁹⁷ and social freedom; and, the two components of social freedom, namely objective and subjective freedom.

¹⁹⁴ These rules and laws are universal and objective; they protect the “social conditions” necessary for self-realisation.

¹⁹⁵ Based on Hegel's idea of freedom, the realization of practical freedom is expressed in the following “spheres”: “abstract right”, “morality”, and “ethical life” (*Sittlichkeit*) (Pinkard, 2000, p. 288). Each one of these spheres represents a manner by which freedom is realized (Pinkard, 2000, p. 288).

¹⁹⁶ “Personal freedom” involves each individual's private sphere of action; it is derived from the concept of “abstract right” (Neuhouser, 2000, p. 18, 27). Abstract right has nothing to do with the practice of good habits or virtuous actions; rather, it refers to the “right to be treated as a bearer of rights as such-or as person” (Houlgate, 2008, p. XXIV). Also, it is associated with the right to not

Involvement of individuals in the institutions of *Sittlichkeit* leads them to view the interests and goals of the institutions of *Sittlichkeit* as their own. Thus, they are able to achieve universal goals through participation in these institutions while, at the same time, preserving their “individuality and their concrete interests” (Neuhouser, 2000, p. 97, Weil, p. 60). According to Hegel, this kind of participation, in addition to the realisation of universal goals, represents the “highest” or “absolute ends” (Neuhouser, 2000, p. 91).

Popper and Hayek neglected the fact that Hegel actually placed a high value on individual freedom and that its achievement was his primary preoccupation. Hegel was very aware of the difficulties associated with reconciling freedom with state authority. As a result, he sought to achieve freedom to “the fullest extent” within the confines of the constitutional framework. He regarded the prince, rational laws, and the institutions of *Sittlichkeit* as necessary in order to achieve and actualise freedom because of the human failure to freely, consciously, and rationally relate to the external world.

6. 5. 4. Hegel on the State, the Corporation, and the Police

Hayek and Popper failed to understand that, according to Hegel, the absence of a state¹⁹⁸ and its institutions would lead to individuals being unable to “develop and maintain capacities for freedom and reason¹⁹⁹” (Patten, 1999, p. 118). These capacities include rational reasoning, the self-consciousness of freedom, self-understanding, and “stable patterns of mutual recognition”, all of which constitute important aspects of

be “enslaved”, the right to own property, the right to the “exchange of property”, and right to “contracts” with others (Houlgate, 2008, p. XXIV, Pinkard, 2000, p. 288). More precisely, “abstract right” is the sphere in which individuals are committed to the mutual recognition of certain basic rights related to property, the exchange of property, and contracts (Pinkard, 2000, p. 288).

¹⁹⁷ “Moral freedom” is derived from the conception of “morality” (Neuhouser, 2000, p. 18, 27). More specifically, moral freedom was derived from “the theology of the Reformation”, which is a very significant historical event because it “decisively” established the concept of “free spirit”. Hegel claimed that “freedom” is not simply having the capability to attain basic physical needs and desires, in addition to having property rights and the ability to exchange property, as is the case with personal freedom; it also involves assigning values to these needs and desires based on a conception of “good and bad”, which provides people with a “sense of meaning” in their lives (Laughland, 2007, p. 34). When individuals set goals and ends as moral subjects, they are concerned with the consequences that their actions may have on others. Therefore, when individuals intend to achieve a certain goal or end, they will deliberate the consequences of their actions based on their conscience and convictions so as to evaluate whether or not the intended goal or end is “right and good”.

¹⁹⁸ Hegel identified “the state with the rule of law”, universality of the will, and “impartiality” (Smith, 1991, p.132).

¹⁹⁹ “Reason presupposes freedom, the power to act in accordance with knowledge of the truth, the power to shape reality in line with its potentialities” (Marcuse, 1968, p. 9).

freedom. Furthermore, Hegel emphasised the importance of civil society²⁰⁰, where individuals possess rights that the state is obligated to protect. Simultaneously, individuals have to respect the “duty and obligation” of society, which restricts an individual’s freedom to pursue their own particular ends and goals because of the fact that this same individual is also a member of civil society, the state, as well as of their own family.

Hegel distinguished the pursuit of one’s particular goals and ends from the notion of people being selfish or “egoistic”²⁰¹. More precisely, he believed that individuals, as “members of social” world, do not act as “self-sufficient”, egoistic individuals, because they are supposed to be alienated from the material world (Neuhouser, 2000, p. 91). He recognized that all individuals within civil society have their own distinct goals and individual projects, and that they strive to satisfy their specific interests, objectives and needs (Hegel, 2008, p. 184). Furthermore, he was of the opinion that “individuals can attain their ends only in so far as they themselves determine their knowing, willing, and acting in a universal way and make themselves links in this chain of social connection” (Hegel, 2008, p. 184). In other words, even though individuals do not aim to directly achieve the common goals of society as a whole and behave as though they are “isolated individuals”, as opposed to being part of a collective, they end up benefiting the common welfare of the entire state.

Hayek’s arguments that Hegel was a historicist philosopher who defended the deliberate design of common ends via the dictates of a commander did not make any sense. This is because Hegel actually recognized the particular interests and rights of each citizen despite the fact that he regarded the state as being the essence of individuals. Furthermore, the role that Hegel attributed to the state with regards to the achievement of universal goals and ends should not be confused with a state that assumes distributive justice. Even though he adopted some of the ideas of his predecessors pertaining to the

²⁰⁰ Civil society includes both “the administration of justice” and “the police”; it has “various classes and estates [(the peasantry, the business class, and functionaries of the state)], each with its own distinctive outlook, interests, and ways of life” (Smith, 1991, p. 141).

²⁰¹ Hegel opposed “the tendencies of modern civil society under the pressures of the marketplace to degenerate” into “atomistic individualism” (Smith, 1991, p. 140). Thus, he was basically against the classification of human beings as “utility maximizer” agents (Smith, 1991, p. 140).

state, Hegel did not believe that the equal distribution of wealth and resources, through the establishment of a system of “redistributive taxation” or “an equal division of land”, was the primary role of the state. That means he did not support the notion of combating poverty by relying upon a system where the “wealthier class” would provide for the poor, because such a system, where poor people “receive subsistence directly” without working, violates “the feeling of individual independence and honour” (Hegel, 2008, p. 221). As an example, Hegel described the situation in Scotland where “the most direct measure against poverty and especially against the loss of shame and honour...has turned out to be to leave the poor to their fate and instruct them to beg from the public” (Hegel, 2008, p. 222). He explained that the equal distribution of land, resources and income are “empty and superficial in that at the heart of particular differences there lies not only the external contingency of nature but also the whole compass of spirit, endlessly particularized and differentiated” (Hegel, 2008, p. 64).

In fact, contrary to the equal distribution of land, resources and income, Hegel stressed the importance of private property as a key component of freedom when he said: “The general principle that underlines Plato’s ideal state violates the right of personality by forbidding the holding of private property. The idea of a pious or friendly and even a compulsory brotherhood of men holding their goods in common and rejecting the principle of private property may readily present itself to the disposition which mistakes the true nature of the freedom of spirit and right and fails to apprehend it in determinate moments” (Hegel, 2008, p. 61). That means Hegel was of the view that the state did not have any role in determining the material satisfaction of individuals for the stated aim of achieving justice. In other words, he was opposed to “higher regulation” and state intervention for the purpose of regulating the social, economic and political activities of people with the intent of securing the equal distribution of property and income, in terms of quality or quantity, so as to achieve justice and the equality of men²⁰². That means Hayek and Popper’s arguments that Hegel promoted the achievement of common ends

²⁰² Hegel defends the view that the state should provide the equality of rights, while simultaneously rejecting the idea that the state should assume the equality of outcomes.

based on rational design did not have any true foundations, as Hegel himself was opposed to the achievement of these kinds of ends.

Despite his rejection of state intervention in regulating social, economic and political life in order to achieve the equal distribution of property and income, Hegel was conscious of the fact that a greater division of labour creates social and economic disparities, as well as un-freedom within a society. Unlike Hayek and Popper, Hegel did not focus solely on the beneficial outcomes of the modern market economy; he also recognized that a modern market economy, as well as the division of labour that is associated with it, contribute to “the multiplication of needs” and objects, as well as the satisfaction of those needs and objects (Hegel, 2008, p. 191). He also acknowledged that, in order to satisfy those needs and objects, there exists a multiplication of “means of satisfying them”, which requires a division of “production and bring about the *division of labour*” (Hegel, 2008, p. 191). Therefore, contrary to Hayek and Popper’s over-optimistic views of the modern market economy, Hegel understood that while the division of labour did have benefits associated with it in terms of satisfying new needs, making work “less complex”, and improving the skills of workers, it also makes people dependent on each other and “their reciprocal relation in the satisfaction of their other needs”, in addition to creating social and economic disparities (Hegel, 2008, p. 191).

It is clear that Hegel was conscious of the negative consequences associated with the spontaneous order of the modern market system, such as the creation of “inequalities in the resources and skills of individuals” (Cristi, 2005, p. 102). He was particularly worried about “increasing inequalities” and excessive poverty resulting from the division of labour that directly affected individual freedom (Marcuse, 1968, p. 205, 206). In other words, he worried that a greater division of labour could engender “dependence”, poverty, and “distress” for the poor segment of the population, who would then become unable to obtain “physical and intellectual enjoyment” (Lampert, 1997, p. 68). To be more precise, he was particularly concerned about poverty, explaining that it represents a threat to the acquisition of “skill or education of any kind”, as well as “health-care” (Hegel, 2008, p. 220). He emphasized the point that the needs of people cannot be

neglected, even in the event that they are poor. In fact, he was of the opinion that it would eventually become apparent that “society has collapsed” when the “poor” fell into a condition of bitterness, hopelessness, idleness, and “undirected anger” “(sec. 244Z)” on account of the modern exchange economy, where there is a greater division of labour (Lampert, 1997, p. 67, 68).

Hegel also expressed concern about “the differing interests of producers and consumers [that] may come into collision with each other” within the modern exchange economy (Hegel, 2008, p. 217). More specifically, he was worried that this conflict of interest, when combined with the destructive social consequences associated with the market, could engender crime. Thus, he thought that it was necessary to establish some kind of institutions and programs “to diminish the danger of upheavals arising from clashing interests” (Hegel, 2008, p. 217).

Hegel was cognisant of the fact that civil society was not capable of solving the problems associated with the greater division of labour of the modern market economy; in order to counteract the destructive social consequences associated with a greater division of labour and the “conflict of particular interest” in the marketplace, he proposed some corrective measures through the creation of “a legitimate public authority” (Houlgate, 1991, p. 108). He stressed the importance of a role for “the public authority” in achieving “individual ends” and preventing the possibility that “trade...jeopardize the general good” (Hegel, 2008, p. 217, 218). More precisely, he supported the notion of state regulation to reconcile the particular goals of individuals with universal goals, which could serve to eliminate the destructive social consequences associated with “conflict of particular interest” in the marketplace (Plant, 1999, p. 168). For example, he supported some degree of intervention and regulation over the “freedom of enterprise and trade”, such as “price controls on articles vital for subsistence, quality controls, protectionist measures on international trade, care for the poor...etc.” (Cristi, 2005, p. 101). However, he was against the political imposition of material, intellectual and physical happiness. That means he did not advocate massive state intervention or the

redistribution of wealth and income in an attempt to address the disastrous effects of modern exchange economy.

Additional tasks that Hegel attributed to “the public authority” included “street-lighting, bridge building, the pricing of daily necessities, and the care of public health” (Hegel, 2008, p. 218). Such regulations and interventions on the part of the public authority do not necessarily constitute disloyalty to liberal principles or threats to individual freedom, as Hegel was opposed to “higher regulation” and believed that the actions of individuals are supposed to be the outcomes of spontaneous order within the market system (Cristi, 2005, p. 101). In other words, based on Hegel’s political philosophy, imposing such regulations seeks “the protection and safeguarding of civil society” and, as such, does not constitute a threat to the achievement of freedom (Cristi, 2005, p. 168).

To eliminate the destructive social consequences associated with the modern exchange economy, “unlimited private beneficence”, and a greater division of labour, Hegel proposed establishing “the Administration of Justice, the Police²⁰³, and the Corporation [(*Korporation*)]”, all of which constitute parts of civil society (Hegel, 2008, p. 222, Marcuse, 1968, p. 206). According to Hegel’s political philosophy, the police play an important role in terms of providing security for individuals and their properties²⁰⁴ (Hegel, 2008, p. 215). The police represent the interests of the whole, and assist in the development and actualisation of freedom by intervening to prevent crime, as well as the violation of individual and property rights, within civil society. Hegel felt that the establishment of a police system was crucial for offsetting the chaotic effects resulting from the activities of the modern exchange economy (Marcuse, 1968, p. 211). More precisely, the police can intervene in the marketplace in order to maximize the effectiveness and productivity of the whole; the goal should be to ensure that “the contingency of the private not interfere with the unity of the public” (Lampert, 1997, p.

²⁰³ The conception of the police force in the Hegelian state actually originates from “*politeia* of classical Greek philosophy” (Riedel, 1984, p. 152).

²⁰⁴ Hegel advocated for the protection of property rights via the rule of law. In other words, has argued for the necessity of a police presence to play a preventative role in civil society by intervening in order to prevent crime and the violation of property rights.

67). That means, contrary to Popper's accusations, Hegel's police had little in common with the role played by police forces of the totalitarian regimes of the 20th century.

The main goal of the police is to guarantee that the private or particular interests of individuals do not represent obstacles to universal interests. However, despite the presence of a police force and the existence of a legal system, Hegel was conscious of the fact that the state authority could not possibly protect citizens against all "contingencies". As a result, in addition to the police, Hegel also proposed the establishment of "the Corporation" as another institution that could preclude "the unruliness of civil society" (Marcuse, 1968, p. 212). According to him, "The corporation is an economic as well as a political unity", whose activities are "supervised by the state" (Marcuse, 1968, p. 212). The corporation, as defined by Hegel, was not a private company, it was more like an association that provided people with an opportunity to work, as "capital and labour, producer and consumer, profit and general welfare meet in the corporation" (Marcuse, 1968, p. 212). The primary function of such an organization is to "protect its members against particular contingencies" (Hegel, 2008, p. 225). It also assists in the creation, management, and stabilization of a "market economy", where people are able to search for the "maximal fulfilment" of their goals and wants.

Corporations also supply "resources" to people that do not have adequate "means or capacities" to fulfil their personal requirements and wants via "market transactions". More specifically, the corporation is supposed to protect and guarantee "its members' interests", in addition to providing them with education and training (Hegel, 2008, p. 225). All of its members will be assured of a job and income, which allows them to be independent and enjoy physical and intellectual activities (e.g. arts, philosophy, and religion). Thus, members should feel as though their interests are being safeguarded; however, the primary goal of the corporation is to protect ethical values and re-establish respect and social standing for the victims of the modern exchange economy. The existence of corporation eliminates particular contingencies, and the "unjust humiliation associated with it [poverty]" (Hegel, 2008, p. 226). Furthermore, corporations allows for overproduction and other destructive behaviours of private business to be avoided.

The existence of the corporation permitted the Hegelian state to guarantee that the conditions required for freedom would flourish by combating the destructive results brought on by competition and the maximization of private interests in the modern exchange economy. According to Hegel's political philosophy, the existence of the corporations is required, in a sense, for the actualisation of freedom within society. In other words, through the presence of the corporation, he sought to encompass "the particular concerns of civil society...within the universal concerns of the state" (Stedman Jones, 2002, p. 109). However, even though Hegel tried to achieve "mediation" between "individuality and universality" via the corporation, his idea to resolve problems associated with the modern exchange economy was not achievable, primarily for reasons related to private property ownership. Gareth Stedman Jones, in *Karl Marx and Friedrich Engels: The Communist Manifesto* (2002), reached the conclusion that "private property...made hollow all Hegel's claim about mediation" between "individuality and universality" (Stedman Jones, 2002, p. 110).

6. 5. 5. *Hegel and Totalitarian Regimes*

Hayek's erroneous interpretation of Hegel's views on history and the state led him to put forth the claim that Hegel was one of the main contributors to "modern totalitarianism" (Hayek, 2013, p. 32). To be more precise, he accused Hegel of contributing to totalitarian regimes, because he associated the Hegelian state with a strong state that aims to realize a predetermined final end (Hayek, 1941, p. 206). Meanwhile, Popper's belief that Hegel was a historicist philosopher and his interpretation of Hegel's views pertaining to the state led him to claim that the fundamental principles of Italian neo-idealism and Nazi totalitarianism were "directly inherited from Hegel". He also held Hegel partly responsible for "modern racialism", stating that "racialism substitutes for Hegel's 'Spirit' [of Nation]" in the 20th century (Popper, 1966, p.61). That means the influence of Hegel's views regarding the collective Spirit of a nation led to "Blood" and "Race", both of which became the essence of the state and played crucial roles in shaping a nation's destiny through the devastating events of the 20th century.

While Popper did recognize the fact that some differences existed between “modern totalitarianism and Hegelianism”, he viewed them as “unimportant” as to their “main political tendencies” (Popper, 1966, p.62).

Marcuse argued against these accusations, claiming that the notion that Hegel’s state and political philosophies were responsible for the rapid rise of totalitarian regimes was completely fallacious. According to him, the principles of Hegel’s political philosophy were actually opposed to totalitarian regimes, as well as “the revolution of nationalism”. To be more precise, Marcuse argued that, based on the origins of fascism, it is not possible to establish a harmony or any common ground between totalitarian regimes and the Hegelian state (Marcuse, 1968, p. 390). “[Hegel] was profoundly hostile to nationalistic political violence and deeply committed to the rule of law and respect for freedom and rights” (Houlgate, 2008, p. XIV). Furthermore, Marcuse rejected the accusation that Hegel’s philosophy provided the intellectual grounds for totalitarian regimes, explaining that “the Nationalist Socialist” actually attacked Hegel and attempted to refute his notion of the state and political philosophy on the grounds that the Hegelian state was completely “incompatible” with their views of the state (Marcuse, 1968, p. 411, 412).

Marcuse also explained that “Italian neo-idealism”: had its origins in “the movement of national unification”; and, is associated with the idea of a strong “nationalist state” against “imperialist competitors”²⁰⁵ (Marcuse, 1968, p. 402). However, “Italian neo-idealism” eventually realized its limitations and attempted to derive some inspiration from Hegel’s political system. Thus, the goal became to achieve an efficient, centralized, and rationalized administrative and economic system (Marcuse, 1968, p.

²⁰⁵ Marcuse explained that the origins of “Fascism” can be traced back to the rivalry “between growing industrial monopolization and the democratic system” (Marcuse, 1968, p. 410). After WWI, European economics began to experience problems in the area of “utilization”, primarily due to the interruption of the global marketplace and the extensive “network of social legislation” that unions and other labour leaders fought to protect (Marcuse, 1968, p. 410). Under these circumstances, the strongest “industrial groups” generally took up “direct political power” so as to manage “monopolistic production” and eliminate any “socialist” rivals (Marcuse, 1968, p. 410). However, the resulting “political system” was only capable of establishing “productive forces” by utilizing force and coercion against the civil population (Marcuse, 1968, p. 410). This coercion included “totalitarian control” over all “social” or “individual” relationships and associations, the elimination of “social and individual liberties”, and bringing the citizenry on board via fear and the threat of violence (Marcuse, 1968, p. 410). As a result, “society” was essentially transformed into an “armed camp” that served the “interests” of those that emerged as the dominant forces following the “economic competitive struggle” (Marcuse, 1968, p. 410). In other words, individuals were coerced into working and producing primarily for the specific “interests of the ruling bureaucracy” (Marcuse, 1968, p. 410). Therefore, “totalitarian control” not only eliminated freedom, but it also suppressed all forms of individual rights that hold great importance for liberal societies (Marcuse, 1968, p. 411).

403). Marcuse was of the opinion that, in actuality, “Italian idealism” did not have any interest in Hegel’s philosophy and the two diverged from one another as this ideology moved closer to fascism (Marcuse, 1968, p. 403). For him, “Italian idealism” was “Hegelian only where it confined itself to expounding Hegel’s philosophy” (Marcuse, 1968, p. 403).

Contrary to Popper’s accusations, Marcuse maintained that “Hegelianism” was not the reason why people were constantly trying to determine the “philosophical” basis for contemporary “militarism”; rather, it was due to the “violent” response directed at the entire “idealist philosophy” that emerged soon after Hegel died (Marcuse, 1968, p. 418). Such “anti-Hegelian” movements were combined with the illogical and unreasonable “philosophies of Life, history and ‘existence’” that emerged in the 1890s and created the “ideological” context for an attack on “liberalism” (Marcuse, 1968, p. 418). Therefore, the “social and political theory” that is to blame for the establishment of “Fascist Germany” was connected to Hegel’s political philosophy in a completely “negative” manner.

Marcuse emphasized the importance of the legal framework²⁰⁶ in the Hegelian state when he made his arguments against Popper’s accusation that Hegel’s political philosophy was responsible for the rapid rise of totalitarian regimes. He explained that the Hegelian state provides and secures the conditions of freedom for all of its members without exception via its laws and institutions. The laws and institutions of the state are necessary for the “free development of the individual” (Marcuse, 1968, p. 415). Marcuse explained that if the state deviates from rationality and fails to provide and secure essential rights for people, then “the Hegelian philosophy must clash with this new state” (Marcuse, 1968, p. 389); accordingly, this new state would also renounce “Hegel’s philosophy” (Marcuse, 1968, p. 389).

²⁰⁶ According to Hegel’s political philosophy, laws are supposed to be based on reason, “in which every rational being can recognize his own rational will” (Weil, 1998, p. 53).

Contrary to Hayek and Popper's accusations that the Hegelian state supported totalitarian regimes, in reality, the Hegelian state was conceived to provide and secure the conditions of freedom for all citizens; it also included the institutions that are necessary for the "free development of the individual". However, it is important to point out that the presence of those institutions should not be interpreted as an indication that Hegel supported socialism or communism. In fact, contrary to socialist and communist systems, Hegel placed a high value on private property ownership with regards to the achievement of freedom. More precisely, he was of the view that "forbidding the holding of private property" would conflict with the achievement of freedom. Hegel believed that the state should not resort to abolishing private property in order to achieve justice via the equal distribution of wealth and income, as he thought that people are unequal by nature. That means Hegel was against state intervention that sought to dictate the social, economic and political activities of people in order to achieve collective good.

It should be noted that, according to Gareth Stedman Jones, in his introduction to *Karl Marx and Friedrich Engels: The Communist Manifesto* (2002), Marx and Engels made no mention of any "intellectual debt to German classical historians, nor to the so-called 'The German Historical School of Law'" in their *Manifesto* (Stedman Jones, 2002, p. 9). Furthermore, Marx was very critical of fundamental components of Hegel's political philosophy. For example, he rejected "the state-civil society division" and the "mediating institutions" that are associated with Hegel's political philosophy (Stedman Jones, 2002, p. 129). Stedman Jones also explained that, in the *Philosophy of Right*, Hegel "condemned communism in unequivocal terms" on account of his belief that "[p]roperty was the means by which the 'will' acquired existence" (Stedman Jones, 2002, p. 74).

Marcuse argued that, contrary to the Hegelian state, totalitarian systems are incapable of preserving life, providing fundamental rights for its citizens, or achieving freedom. He claimed that the particular goals and ends of individuals would not be realized under a totalitarian system, on account of the fact that such systems do not value individual will. More precisely, totalitarian regimes eliminate the essential rights of

individuals, as well as “individual freedom”, both of which are fundamental aspects of the Hegelian state (Marcuse, 1968, p. 390). That means the National Socialist movement in Germany, Italian neo-idealism, and communism radically diverged from the Hegelian state, as they cannot accept a state that is rational, is based on “universally valid laws”, and protects the rights and conditions of freedom for everybody. Therefore, contrary to Hayek and Popper’s accusations, the fundamental principles, goals, standards, and ends of the totalitarian regimes of the 20th century were completely “anti-Hegelian”.

6. 5. 6. *Hegel and Historicism*

Hegel subscribed to what is known as a “historical understanding of being”, and he rejected “antihistorical moral theories” for being unable to “grasp the nature of human diversity in all of its detail” (Smith, 1991, p. 71). He supported the study of history in order to understand the conceptual changes that took place from one society to another, or from one civilization to another. Hegel reached the conclusion that progress in different civilizations was correlated with self-realization and becoming more conscious of freedom (Houlgate, 1991, p. 12). Additionally, he believed that community and society were products of history, where the values, practices, and institutions of the state were developed. Furthermore, he emphasised the role of historical development in an individual becoming a “free and rational” being. According to Hegel’s political philosophy, this type of development occurs as a result of human beings attaining “self-understanding” or becoming more aware of their “freedom and potential for self-determination” (Houlgate, 1991, p. 12, 20).

Hegel considered “the fundamental advances in history” to be the outcomes of “mankind’s becoming more aware of itself as freely self-determining” (Houlgate, 1991, p. 21). This is not to suggest that there is a “change in human self-understanding”, but rather an “increasing self-awareness”. Becoming a more self-aware, self-realizing and self-determining agent is a form of self-revelation and self-discovery; it also signifies that individuals are “master” of their “development” and “understand” their own “potentialities as well as those of the things around them” (Marcuse, 1968, p. 9). By

becoming more self-aware, self-realizing and self-determining agents, individuals are able to change their institutions, as well as their social and political environments. This suggests that Hayek and Popper's accusations that Hegel advocated for strong authoritarian state power that encourages common interests via rational design lacked logic, as Hegel promoted the achievement of self-realisation, self-determination, and one's own particular goals and ends over the attainment of predetermined common goals and ends. Furthermore, it is important to point out that Hayek was not concerned about self-realisation or self-determination, as his concept of freedom did not include positive freedom as a component.

Even though Hegel attributed utmost importance to the achievement of self-realisation and self-determination, he was of the opinion that the movement towards "the development in human self-awareness" is not progressive and "smooth" (Houlgate, 1991, p. 28). Occasionally, it evolves as a discontinuous development that experiences some regression from the realization of freedom. Such setbacks are consequences of periods that produced great horrors, terror and other tragic events in human history. In many cases, humanity witnessed the destruction of entire civilizations and the loss of cultures during these periods. Accordingly, Popper's accusations that Hegel advocated for strong authoritarian state power that promotes national and common interests and seeks "world domination" through war lacked logic, because Hegel regarded such periods of horror and terror as discontinuations or regressions in the movement towards the achievement of self-determination or freedom²⁰⁷.

Contrary to Popper's perception that Hegel's idea of history led to "the renaissance of tribalism", as well as Hayek's accusation that Hegel's view of historical evolution was based on "a certain predetermined course", "stages" or "phases", Hegel actually believed that history and historical events played major roles in the development and achievement of freedom. In other words, based on his writings, it is evident that Hegel considered "the struggle for freedom as the only content of history" (Marcuse,

²⁰⁷ Hegel was conscious of the fact that the interests of one state might eventually conflict those of another state and this conflict might engender a war (Marcuse, 1968, p. 55).

1968, p. 226). In fact, the goal of his historical study and analysis was to understand “the status of European modernity”, as well as to identify the conditions that had to be present in order to achieve freedom, as opposed to finding “historical laws” or “patterns” of development. Based on his historical study and analysis, Hegel argued that the state and its institutions developed progressively through history and, in fact, were not the outcomes of “conscious planning and design” (Smith, 1991, p. 153). Thus, Popper’s accusation that Hegel was a historicist thinker was not accurate, as Hegel never claimed that “history is a predictive science”, nor did he believe that understanding the history of a society could be used to control and consciously plan and design social order (Smith, 1991, p. 132).

According to Hegel, “the history of the world is none other than the progress of the consciousness of freedom” (Marcuse, 1968, p. 229). Thus, he claimed that humanity achieves a better and more perfect system through “historical change”, which is unrelated to the notions of historical prediction or finding “historical laws”²⁰⁸ or “patterns” in the evolution of society (Marcuse, 1968, p. 238). That means, contrary to the accusations put forth by Hayek and Popper, Hegel did not seek to discover “historical laws” or “patterns” in order to predict “certain developments” or historical stages that would transpire under “certain conditions”.

Hegel thought that the study of history was important in terms of gaining an understanding of “the major political transformations” related to the “development of self-consciousness” and “self-determination” (Houlgate, 1991, p. 32). This is one of the reasons why he often spoke of the political and social lifestyles of the Greeks and Athenians, as did many other thinkers of his time (Plant, 1973, p. 24). In his study of history, beginning with the times of Ancient Greece and the Roman Empire, Hegel closely analysed the periods that contained social, political and individual harmony, as well as those that experienced a “breakdown of community”, “cultural divisiveness” and personal fragmentation. In doing so, he was attempting to understand why some periods

²⁰⁸ According to Hegel, “a set of historical tendencies becomes a law only if man comprehends and acts on them” (Marcuse, 1968, p. 231).

produced individuals that focused on the “private world” as opposed to participating in the social and political life of the community and vice versa.

He reached the conclusion that human beings from different periods in history had their own levels of development, distinct ways of understanding and “mastering the world”, as well as different manners by which to associate with each other and integrate into their environment²⁰⁹. Through his study of history, Hegel was able to formulate a conception of freedom and develop a role for the state within modern societies that combines a historical component with moral and ethical concerns and institutions of the state, which are necessary to protect and promote individual rights and freedom. This effectively counters Hayek’s accusation that Hegel was a historicist, as well as Popper’s claims that he was an “apologist of the Prussian State” and responsible for awakening nationalist sentiments within the German population in the 20th century.

6. 6. Conclusion

Popper and Hayek shared similar opinions in terms of their support for an open society in order to achieve freedom; and, their opposition to the historicist approach. They rejected the idea that laws or patterns existed that could be used to determine the sequences of historical events, the development of social institutions, or progress. In fact, they both identified “historicism” as a “poor method”, and sought to eliminate it from all social sciences.

This chapter explained that both Popper and Hayek falsely accused Hegel of playing a key role in the development of historicism, contributing to the rise of totalitarian regimes in the 20th century, and being enemy of open society. In doing so, Popper provided a much more extensive and detailed argument against Hegel in *The*

²⁰⁹ In fact, Hegel’s division of ethical institutions into the categories of family, civil society and the state is the outcome of his study of the historical development of human beings’ understanding and “mastering the world”.

Open Society and Its Enemies than Hayek did in his works *The Counter Revolution of Science* and “Comte and Hegel”²¹⁰.

While it is true that Hegel did not worship economic freedom on account of its positive outcomes in the marketplace like Hayek did, he was not an enemy of the open society as Popper alleged. Hegel affirmed that the modern market economy is a component of freedom, and he acknowledged that it engendered a number of beneficial outcomes such as improving productive capacity, producing technological innovations and progress, generating greater specialization in the labour force, and economic prosperity for some. However, contrary to Hayek’s less critical view of the modern market economy, Hegel called attention to its contradictory character. More specifically, he stressed the detrimental outcomes associated with it, including overproduction, excessive poverty, economic depression and crises, and the degeneration of individuals into “atomistic individualism”. He regarded the destructive social consequences associated with the spontaneous order of the modern exchange economy and a greater division of labour as real threats to the welfare of the people. He was particularly concerned about increasing inequality and excessive poverty that directly impacted upon self-respect, self-development, and freedom. Meanwhile, Hayek did not regard the destructive social consequences associated with the spontaneous order of the modern exchange economy as obstacles to the achievement of freedom.

Hegel was cognisant of the fact that civil society was not capable of resolving the disastrous consequences of the modern exchange economy on its own. Even though he was not able find solutions to the problems that emerged in open societies, he examined previous attempts to counter the negative outcomes of the modern exchange economy, such as the communist system, welfare states, the political imposition of material, intellectual, and physical perfection, etc. However, he thought that implementing such

²¹⁰ In his later writings, however, whenever Hayek mentioned Hegel, he did not really provide a detailed discussion of passages, ideas and arguments from Hegel’s books; he simply made unverified accusations against him. This might be because Hayek’s criticisms of Hegel were primarily influenced by Popper’s writings. For instance, Hegel referred to *The Poverty of Historicism* (1936) and *The Open Society and Its Enemies* (1927), two books where Popper was highly critical of Hegel, as “masterly analysis of historicism”, as was explained in the fifth chapter of this thesis. Furthermore, there are so many similarities between Hayek and Popper’s respective criticisms of Hegel’s political philosophy that it seems unlikely that they developed their views independent of any influence from the opinions of the other.

systems would violate individual freedom, self-respect, and individual rights. Hegel believed that a suitable solution should take freedom, honor, and respect for individuality into consideration, which is why he proposed remedies that would assist the poor in developing their capacities and skills, which, in turn, would provide them with “the opportunity to work”.

This chapter sought to demonstrate that, contrary to Hegel, Hayek appears to have been out of touch with the realities of the modern exchange economy. Instead of focusing on its potential disastrous outcomes, Hayek sought to prove the superiority of “open societies” over central deliberate planning. He often compared the differences between the situations that prevailed under totalitarian regimes and the open societies of western civilisation, claiming that the latter system produced better outcomes for the entire society such as economic prosperity, greater opportunities for individuals, and the efficient allocation of resources.

Hayek’s mutual intellectual exchanges with Popper assisted him in terms of identifying some characteristics that are common to the enemies of open societies. Specifically, they agreed that enemies of open societies openly advocated for the application of the historicist method and central, deliberate planning by the state. Popper formulated his opposition to historicism in *The Poverty of Historicism* (1944-1945), which was based on the ideas that he developed in his earlier book *Logik der Forschung* (1934). Hayek was very impressed with *Logic der Forschung* prior to meeting with Popper. In fact, when Hayek eventually wrote *Counter-Revolution of Science: Studies in the Abuse of Reason* (1952), in which he explores his opposition to the enemies of open societies, historicism, and the influence of Hegel, it was evident that this book shared many similar views with *Logik der Forschung*, as well as *The Poverty of Historicism*. However, this book also makes it clear that Hayek, much like Popper, failed to understand that Hegel attributed a high level of importance to the problems and disastrous outcomes associated with open societies.

Unlike Hayek, who accepted open societies as promoters or defenders of freedom without question, Hegel focused on the instrumental aspects of the modern market economy. By doing so, he was able to recognize that the modern market economy had the potential to generate disastrous consequences, such as the creation of poverty and misery, meaning it represented a threat to the achievement of freedom and “ethical” values, which hold civil society together. Hayek, on the other hand, was not particularly concerned with the issues of ethical values, increasing inequality, or excessive poverty, all of which affected individual freedom, because he was convinced that the self-regulating aspects of “open societies” would ensure freedom in general. He was able to disregard such issues that impacted freedom on account of the fact that he valued freedom for its instrumental value, meaning that he basically used the concept of freedom for little more than to promote the superiority of open societies. As a result, he failed to find genuine solutions for the problems associated with modern exchange economies.

Many of the charges that Popper and Hayek directed against Hegel were actually unwarranted, as Hegel’s study of history and his concepts of civil society, constitutional monarchy, freedom, and the modern exchange economy were irreconcilable with historicism, German nationalism and Prussian absolutism. Thus, contrary to Popper and Hayek’s accusations, Hegel placed a high value on individual freedom, opposed to the notion of individuals subjecting themselves to external forces, and supported limited monarchical authority. Hegel was very aware of the difficulties associated with reconciling freedom with monarchical authority, so he sought to achieve freedom to “the fullest extent” within the confines of the constitutional framework. He believed that the existence of a constitutional framework requires “the separation and division of powers” between the monarch, “the executive” and “the legislature” so as to secure the necessary conditions of freedom and to ensure that the monarch could act as neither a despot nor a tyrant. That means the accusation that Hegel supported and promoted unlimited monarchical power was unfounded.

It is widely accepted that Hegel’s political philosophy contains elements of both liberal and conservative thought. He identified both the strong and weak aspects of liberal

thought and, in doing so, attempted to find remedies for the fundamental defects that existed within the liberal tradition. However, this presence of both liberal and conservative elements has engendered divergent interpretations of his political philosophy. Nevertheless, Popper's accusation that Hegel's political philosophy essentially laid the foundation for the establishment of the fundamental principles for totalitarian regimes appears to be inaccurate under any circumstances. In actuality, Hegel's conception of freedom and his worship of rational laws, history, constitutional monarchy, and the institutions of the state are completely irreconcilable with oppressive states and the totalitarian regimes of the 20th century. Although there is validity to some of the criticisms directed at Hegel's view of the constitutional monarchy, his conceptions of civil society, his constant preoccupation with the achievement of freedom, and his belief that spontaneous market order provides thoughtful, logical and insightful vision, his works should, nonetheless, be studied carefully and not dismissed and disparaged as was done by Popper in *The Open Society and Its Enemies*.

In fact, both Popper and Hayek made theoretical errors in their respective interpretations of Hegel's political philosophy, on account of the fact that neither of them possessed adequate knowledge of Hegel as a person or of his academic work in the area of political philosophy. However, they were able to influence the intellectual development of modern liberalism and convince the western world that freedom was under threat in Britain and United States because of support for the notion of a welfare state.

In contemporary times, Hegel's political philosophy has been widely accepted as liberal and accusations to the effect that he was a promoter of un-freedom and an illiberal state, a contributor to the development of historicism, and responsible for the rise of totalitarian regimes have generally been rejected. However, the decision to not take the attacks that Popper directed against Hegel very "seriously" turned out to be a significant miscalculation on the part of the "Hegel scholar" and "critics" of the 20th century, as these accusations directly influenced Hayek's political and philosophical thoughts, while indirectly influencing the development of liberal thought in the 20th and 21st centuries.

Chapter 7. The German Historical School of Economics vs. the Austrian School of Economics

7. 1. Introduction

In order to fully understand the foundations of Hayek's political and economic thoughts and the basis for his critique of scientism, which attempts to apply "objectivism", "collectivism" and "historicism" to the social sciences, it is important to comprehend the roles that the Austrian School of Economics and the German Historical School played in the formation of his ideas. While Hayek's contribution to the development of the Austrian School of Economics is well-known, some people may not grasp the implicit relationship that existed between Hayek's political and economic thoughts and the German Historical School of Economics, which he strongly opposed. There is, in fact, an important relationship between the German Historical School of Economics and the Austrian School of Economics, as the latter was founded as a reaction to the former. It is necessary to recognize this relationship in order to gain a full understanding of the origins of some of the fundamental components of Hayek's political philosophy.

Understanding the relationship between the Austrian School of Economics and the German Historical School of Economics requires highlighting some of the significant differences between them in terms of their goals and methodology. However, the precise points of contention between these two schools of thought will not be the focal point of this chapter; instead, the focus will be limited to an examination of methodological individualism versus methodological collectivism (or holism). Subsequently, this chapter will explain how the Austrian School of Economics' opposition to the views of the German Historical School influenced Hayek's criticisms of historicism, as well as his ideas regarding the role of the state. This explanation will also help clarify why Hayek accused Hegel of influencing the development of some of the ideas of the German school of thought, especially with regards to the role of the state within society. By focusing on the role of the state according to the German Historical School of Economics, and the

function of cameralism in its development, I will argue that Hayek misinterpreted Hegel's political philosophy, as the Hegelian state is completely incompatible with the German Historical School's views of the state.

This chapter will be comprised of six important sections, with the introduction followed by a brief explanation of the background and development of the German Historical School of Economics. Section three focuses on the foundations and development of the Austrian School of Economics. Subsequently, section four explains and compares the points of contention between the German Historical School of Economics and the Austrian School of Economics, particularly with regards to the role of the state. Then, section five will concentrate on examining the basis of Hayek's accusation that Hegel influenced the development of the ideas and goals of the German Historical School of Economics. The chapter will be concluded in section six.

7. 2. The German Historical School of Economics

According to Yeuichi Shionoya (2000), "recent thought in economic and social theory such as institutionalism, evolutionism, and communitarianism can be conceived to have originated in the Historical School and related schools of thought" (Yeuichi, 2000, p. 14). However, despite Shionoya's claims of influence, the German Historical School of Economics has often been accepted as having a "worse reputation" among all of the economic programs of research. For example, in "The Trend of Economic Thinking", Hayek claimed that "many of the bad ideas about economics then current in British society found their origins in the writings of the German historical school", which gained prominence in Germany in the 1840s, largely through the efforts of its theorists who made significant changes to the conventional approaches to economics (Caldwell, 2006, p. 119).

Originally, the development of the principles of the German Historical School of Economics was influenced by a number of historical events in Europe, as well as the social and economic situation in Germany. In fact, the German Historical School of

Economics was essentially formed as a “reaction to rationalism and enlightenment” (Yeuichi, 2000, p. 14). However, “terror and the conquests of Napoléon”, in addition to rapidly expanding inequality in the distribution of income and property in Germany, also played significant roles in the formation of the goals and principles of the historical school. It should also be noted that the German Historical School of Economics sought to challenge “British classical economics”, and “attacked neoclassical economics and Marxian economics which were emerging descendants of the classical economics” (Yeuichi, 2000, p. 14).

Furthermore, the fundamental ideas and principles of the German Historical School were also influenced by “the study of *Nationalökonomie*”, cameralism and “the German approach to history in general” (Caldwell, 2004, p. 42, 43). “*Nationalökonomie* posited human needs and their satisfaction as the starting point of economic analysis” (Caldwell, 2004, p. 43). It aimed to achieve “the progress of popular wealth” and its main principle was “the highest perfection of the physical condition of sociable mankind” (Tribe, 1988, p. 173, 174). Meanwhile, the Cameralist approach accepted the state as an “ethical institution” that can achieve “positive social change” via reforms and protectionist measures (Caldwell, 2004, p. 78).

The economists of the German Historical School accepted the forms of state intervention advocated by cameralists. To be more precise, economists from the German Historical School were of the opinion that unrestricted free trade does not produce the best possible outcomes for whole society. For this reason, they supported protective trade measures and nationalism, while seeking to eliminate individualism and the laissez-faire approach of classical economics, in addition to the socialist goals of Marxian economics.

Economists from the German Historical School also wanted to eliminate the deductive method from economics in favour of the inductive method. In addition to inductive method, they supported historicism, collectivism, and ethical values in

attempting to explain social and economic matters²¹¹ (Yeuichi, 2000, p. 28). Furthermore, they also advocated protective trade measures to defend the national economy, as well as the scientific treatment of public administration in order to strengthen Germany (Roscher, 1972, p. 441-447).

Many notable theorists contributed to the development of the German Historical School of Economics, including Georg Friedrich Roscher (1817-1894), Bruno Hildebrand (1812-1878), Karl Knies (1821-1898), Gustav von Schmoller²¹² (1838-1917), and Werner Sombart (1863-1941). However, it should be noted that the precise origins of the German Historical School of Economics can be traced back to Roscher's²¹³ *Outline for Lectures of Political Economy* (1843).

Roscher relied on the works of Karl Friedrich Eichhorn (1781-1854), Johann Friedrich Gößchen (1778-1837), Leopold von Ranke (1795-1886), and Friedrich Carl von Savigny (1779-1861) in the area of jurisprudence as the basis for his book, *Outline for Lectures of Political Economy* (Pearson, 1999, p. 547). Savigny was accepted as the “leader of the historical school”, while Eichhorn and Gößchen played major roles in its development. They were all “professors from the law faculty at the newly founded University of Berlin”, which marked “the official beginning of the historical school” through the publication of “the first volume of the *Zeitschrift*” in 1815 (Beiser, 2011, p. 214). Thus, they founded “the historical school” while opposing “the philosophical school”, as evidenced by the fact that there were many points of contentions between those schools of thought²¹⁴ (Beiser, 2011, p. 214). For example, the philosophical school

²¹¹ Mainstream economics regarded the German Historical School as “unscientific”, largely due to the fact that its economists relied heavily on ethical methods and historical study (Yeuichi, 2000, p. 14).

²¹² Schmoller accepted Roscher as “the true founder of the historical school of German economics” (Caldwell, 2004, p. 51).

²¹³ Roscher's ideas, views, and methods were not limited to Germany. They were also adopted “in universities of every civilized land... and many American professors have been among pupils” (Senn, 2005, p. 66). That would demonstrate that Roscher not only played a major role in the formation of the historical approach to economics in Germany in the 19th century, but also in the global development of the discipline of economics at that time. For example, *The New York Times* wrote that Roscher possessed “such a copious knowledge of the history of all nations, ancient and modern, as no other man of his specialty has brought to light (*New York Times*, 1894, p. 4)” (Senn, 2005, p. 66).

²¹⁴ An intellectual dispute between “the historical school” and “the philosophical school” occurred in Jurisprudence between “Thibaut and Savigny about [their disagreement on] the introduction of a Civil Code in Germany” (Giouras, 1995, p. 106). William Roscher, in *Principles of Political Economy* (1972), explained that “Savigny sustained the ancient law, Thibaut attached it” (Roscher, 1972, p. 14).

believed in “the powers of reason in history”; its advocates supported the view that “each generation has the power to create its world anew” (Beiser, 2011, p. 214, 258).

The historical school, on the other hand, accepted that human reason was limited and emphasised the importance of history in the development of each generation (Beiser, 2011, p. 214). Furthermore, the philosophical school accepted “positive law as the arbitrary creation of legislative power”, while the historicists accepted it as “part of entire way of life of a nation, the necessary result of its *Volksgeist*” (Beiser, 2011, p. 214, 215). Additionally, the philosophical school supported “atomistic anthropology”, as it regarded the “individual as independent and self-sufficient” (Beiser, 2011, p. 215, 243). However, historicists defended “communitarian anthropology”, because they held the view that “the individual drives its identity entirely from its place in society and history” (Beiser, 2011, p. 215, 243). That means, according to the philosophical school, individuals are “self-sufficient”, whereas the historical school believed that individuals had to be “understood” as a part of the whole, or without being separated from the whole (Beiser, 2011, p. 244). In other words, theorists from the historical school rejected individualism on the grounds that they did not believe that individuals are motivated by selfish goals and ends; they regarded the individual as being primarily part of his or her society and history.

Similar to Savigny, Eichhorn and Gößchen, Roscher discussed the differences between historical and philosophical approaches and defined the methods and purposes of the German Historical School of Economics²¹⁵ in *Outline for Lectures of Political Economy* (Pearson, 1999, p. 547). He reached the conclusion that the historical method is “the best and most decisive of methods”²¹⁶, which “concerns itself with time, space and nationality” (Roscher, 1972, p. 35). Thus, he “proposed that a wide-ranging historical and comparative study of economic systems was desirable so as to identify the laws of

²¹⁵ Roscher’s importance to the development of the Historical School of Economics was not only due to the fact that he derived the methods, and purposes of this school based on the methods, and purposes of jurisprudence, it also relates to his efforts to apply the “laws of economics” to “agriculture”, various other industries, and “trade”; all of these efforts combined earned him the title of “the true founder of the discipline of applied economics” (Senn, 2005, p. 76).

²¹⁶ However, it was not only Roscher who valued the historical approach to economics and historical study as the key source of knowledge with regards to progress in social and economic matters; for example, in his book *The Mercantile System and Its Historical Significance* (1967), Schmoller, who is accepted as pushing “Roscher’s historicism to extremes”, argued that a connection exists between economic, political and social life, in that they are all products of history (Senn, 2005, p. 207).

development of economic life” (Tribe, 2003, p. 173). His attempts to apply the “historical” method to the political economy²¹⁷ resulted in “applied economics” becoming an important aspect of the German Historical School of Economics²¹⁸ (Senn, 2005, p. 76).

Despite the fact that many well-respected theorists contributed to the development of the German Historical School, its dominance was short-lived; it had already declined and lost its status as a leading authority by the end of the First World War²¹⁹ because of its inability to provide appropriate policies and programs during wartime. In fact, it is claimed that criticisms of the ethical dimensions of the German Historical School of Economics²²⁰ put forth by Max Weber, who “is best known today as a father of modern sociology” but was also recognized as an “an innovative critic of planned economies”, played a major role in the decline of this school of thought (Caldwell, 2004, p. 83, Tribe, 1988, p. 4).

In Weber’s book, *Roscher and Knies: The Logical Problems of Historical Economics* (1975), it becomes abundantly clear that he “was raised in the historicist tradition”. He was part of the Youngest Historical School²²¹ and studied the works of historicist economists such as Roscher and Knies (Beiser, 2011, p. 511, Senn, 2005, p. 186, 187). Additionally, he was familiar with the decades-long dispute regarding the methodology of the political economy between Schmoller, who was part of the younger historical school, and Menger, who was part of the Austrian School of Economics. Furthermore, Weber was also well-versed in the writings of contributors to the historical school such as Ranke, Dilthey, Simmel, Rickert and Lask (Beiser, 2011, p. 512); in fact,

²¹⁷ Roscher defined political economy as “the science which has to do with the laws of the development of the economy of a nation, or with its economic national life” (Roscher, 1972, p. 87).

²¹⁸ Furthermore, Roscher made another significant contribution to the discipline of economics that pertained to the application of mathematics; these particular efforts brought widespread recognition to both the value and problems associated with implementing mathematics in economics (Senn, 2005, p. 93).

²¹⁹ Nonetheless, according to Helge Peukert in “The Schmoller Renaissance” (2001), “economic handbooks like the *Handwörterbuch der Staatswissenschaften* until the 1950s exhibited the “handwriting” of the historical school” (Peukert, 2001, p. 80).

²²⁰ Weber’s disagreements with the German Historical School helped the Austrian School of Economics develop arguments against the methodology used by the historical school (Caldwell, 2004, p. 83).

²²¹ Roscher, Hildebrand, and Knies were all part of the Older Historical School; Schmoller, meanwhile, belonged to the Younger Historical School, while Sombart and Weber were part of the Youngest Historical School (Senn, 2005, p. 186, 187). However, the differences between these different labels will not be discussed further.

“he was an admirer of Ranke”, whose work in applying the historical method in jurisprudence played a significant role in Roscher’s application of the historical method to the discipline of economics (Beiser, 2011, p. 511).

The fact that Weber was raised in the historicist tradition and was familiar with the historicist method in the disciplines of economics and jurisprudence lent him credibility as a critic of the German Historical School of Economics. He was able to evaluate the weaknesses and limits of the historical school’s methodology, which earned him the reputation of playing a major role in the decline of the German Historical School of Economics. However, this significance of his critiques in the decline of this school of thought, I will not discuss his role any further in this paper.

7. 2. 1. Cameralist Roots

In order understand the formation of the German Historical School of Economics, it is necessary to comprehend the historical context of Germany, as this economic school of thought was initially “oriented toward the industrialization of less developed Germany and concerned with building an institutional framework in which ethics was embedded” (Yeuichi, 2000, p. 14). In other words, the theorists of the German Historical School of Economics sought a strong role for Germany in the world, and blamed rapid industrialization for creating poverty, misery, and inequality within Germany. As a result, they were concerned with the development of the national economy, which, according to them, involved trade barriers and the expansion of state intervention in order to improve national welfare. For these reasons, they did not restrict the role of the state so that “order” could be maintained, as they sought a state role in cases where individuals were unable to achieve social ends through their own efforts (Ingram, 1967, p. 203). According to them, “[w]henever social aims can be attained only or most advantageously through its [state] action, that action is justified” (Ingram, 1967, p. 203). To be more specific, theorists of the German Historical School defended state intervention and regulations designed to improve common and local interests, while rejecting competitive markets, which they argued created a form of coercion within society based on the relative

strength of competitors. They were of the opinion that interference on the part of a strong state authority was necessary to develop and improve the interests of the nation, so that Germany could catch up with the more advanced nations. Therefore, the state has to “enforce provisions for public health”, regulate “production and transport”, “protect weaker members of society”, “guarantee the safety of earnings”, promote “intellectual and aesthetic culture”, etc. (Ingram, 1967, p. 203, 204).

Because of the fact that the German Historical School defended protectionist measures, collectivism, and reforms and intervention by the state, some of its social, political, and economic ideas were associated with cameralism. Cameralism was often accepted as “the German and Austrian variety of mercantilism” (Spicer, 1998, p. 151). It is important to point out that the origins of cameralism date back further than the works and publications of the economists of the German Historical School. In fact, cameralism²²² was a dominant doctrine in “German principalities (*Kleinstaaten*) in the 17th and 18th centuries”²²³ (Spicer, 1998, p. 150). However, cameralism did not originate as an economic theory, as the early cameralists came from many different disciplines and professions. They included writers, theorists, “political scientists”, bureaucrats, administrators, “chemists and foresters, mineralogists and technologists” (Wakefield, 2009, p. 2, 138). In “Books, Bureaus, and the Historiography of Cameralism” (2005), Andre Wakefield distinguished between “academic cameralists and the more traditional voices of practical cameralism” (Wakefield, 2005, p. 317).

Contrary to practical cameralism, academic cameralists²²⁴ highly valued the approach of applying the methods of the natural sciences to satisfying the needs of *Kammer*; additionally, they believed that they could be more efficient in terms of

²²² Cameralism originated from the term “The Kammer”, which refers to “a physical space, a chamber where fiscal officials met to discuss the most secret affairs of the prince” in the German principalities (Wakefield, 2009, p. 17). “By the seventeenth century most German territories. Large and small, had developed Kammer to manage the intimate affairs of princes, dukes, kings, and emperors. By the second half of the seventeenth century, members of the Kammer began to be recognized as a distinct group. People start calling them cameralists” (Wakefield, 2009, p. 17).

²²³ Johann Heinrich Gottlob von Justi was accepted as one of the most important theorists of cameralism in the 18th century (Spicer, 1998, p. 150, Wakefield, 2009, p. 3). Johann Heinrich Gottlob von Justi was of the opinion that “A republic or state is a unification of a multitude of people under a supreme power, for the ultimate purpose of their happiness” (Small, 1909, p. 317)” (Spicer, 1998, p. 151).

²²⁴ Academic cameralists were of the opinion that it was not necessary “to seek out riches in distant lands, because the key to wealth was right at home, in local fields, forests, mines and manufactories” (Wakefield, 2005, p. 319).

achieving the needs of *Kammer* relative to practical cameralists (Wakefield, 2005, p. 317). “Academic cameralists” sought to alter “the existing structures of knowledge in order to suit the needs of the *Kammer* (Wakefield, 2005, p. 318). They, in fact, attempted to “transform universities and scientific academies into instruments of the *Kammer*” (Wakefield, 2005, p. 318). Nevertheless, Wakefield concluded that cameralists, both academic and practical, ended up producing “a body of literature that came to be known as the cameral sciences”, which became accepted as “a blueprint for governance in early modern Germany” (Wakefield, 2009, p. 2, 4).

Keith Tribe (1988) explained that “the ‘Cameralistic sciences’ play a strategic role in the constitution of Prussian bureaucratic rule and, by extension in the modern bureaucratic state” (Tribe, 1988, p. 8). In the 18th century, “Cameralistic sciences” were not only expanded in “northern German Protestant universities”; in fact, it was in “Protestant Vienna...the first comprehensive textbooks [were] originated” (Tribe, 1988, p. 55). More precisely, “Cameralistic sciences” were expanded in the lectures and textbooks of Joseph von Sonnenfels and Johann Heinrich Gottlob von Justi’s. Sonnenfels’ textbook, *Principles of Police, Commercial and Financial Science* (1765-1766) and Justi’s book, *Staatswirthschaft* (1755), contained the main work on “Cameralistic sciences” (Tribe, 1988, p. 55, 85).

According to Johann Heinrich Gottlob von Justi, the ruler can achieve “common happiness”, or “the happiness of the state”, by achieving external and domestic “security” and economic prosperity for the nation (Tribe, 1988, p. 61). He supported the view that the state has to “mobilize all available sources” in order to achieve “welfare and happiness” in the country (Tribe, 1988, p. 71). However, Justi also emphasised that, in order to achieve their specific purposes or ends, rulers need to have a close relationship with the *Politzei*²²⁵, a term derived from “the Greek polis, indicating that it denotes the good order of towns and civil constitutions” (Tribe, 1988, p. 63, 75). According to Justi, the state can use the *Politzei* to “review, control”, and manage “the human resources available to the state” (Tribe, 1988, p. 63). Nevertheless, despite the fact that cameralists

²²⁵ *Politzei* involves “a form of economic management” and a “good organization of civil life” (Tribe, 1988, p. 63, 75).

supported merging individual interests with those of the state to achieve material, intellectual and physical happiness, *Politzei* does not directly involve itself in intervention targeting the choices and decisions that individuals make within their “households” (Tribe, 1988, p. 72).

Achieving unity between the interests of individuals and those of the state led cameralists to attribute a positive role to the state in terms of planning and organizing the activities of the entire society. As a result, Michael W. Spicer, in his article entitled “Cameralist thought and public administration” (1998), explained that cameralism required a strong state that is capable of planning and organizing the activities of the nation in order to achieve economic “prosperity” and “the happiness of the subjects” (Spicer, 1998, p. 152). Additionally, Tribe explained that Christian Wolff (1679-1754), who is well-known as a perfectionist and recognized for his contributions to the development of cameralism, supported the view that the achievement of happiness required constant state regulation in every area of life (Tribe, 1988, p. 31). Douglas Moggach seemed to agree with Tribe in his essay “Post-Kantian Perfectionism” (2011), where he explained that Wolff’s perfectionism would require “active [state] intervention...to secure...conditions [of “material and intellectual thriving”] for its subjects” (Moggach, 2011, p. 280). More precisely, Wolff allowed for the state to determine the miniscule details of social and economic life so as to secure “material and intellectual thriving”, including such things as education, the types of housing people would live in, dress codes, the types of goods to be imported and exported, “order and cleanliness in the streets”, etc. (Tribe, 1988, p. 31).

Cameralists supported constant state regulation in every area of life because they believed that the state and its citizens shared a single goal, which is achieving “common happiness” (Caldwell, 2004, p. 42, Wakefield, 2009, p. 91). Cameralists did not regard “common happiness” as an abstract concept; they used it in a very specific sense to refer to a state that was “militarily strong” and “morally virtuous”, which would ensure domestic security and economic prosperity “towards which the activities of individuals must be systematically directed” (Spicer, 1998, p. 154). They maintained that the

achievement of “common happiness” required planning and organizing the activities of a nation, which necessitates “the power of princes” to be strengthened “over their states and subjects” so as to allow for the efficient use of natural resources and to “more effectively promote the welfare of their subjects” (Spicer, 1998, p. 151).

In order to attain welfare and prosperity for all subjects, cameralists supported “a science of administration”²²⁶. Spicer explained that “[t]he cameralists’ faith in science was quite consistent, therefore, with their vision of the state as a purposive association” (Spicer, 1998, p. 156). In fact, cameralists believed in the existence of scientific knowledge and strongly supported applying the methodology of the natural sciences to “assist administrators in accomplishing the ends of the state” (Spicer, 1998, p. 155). In other words, according to the views of cameralist, the economic and social policies of the state were shaped by the methodology of natural science. Applying the methodology of natural science to achieve the ends of the state was supposed to result in the best use of natural sources, and secure the development of the “capacities and qualities” of individuals (Spicer, 1998, p. 153). That means the goals of achieving “prosperity” and “the happiness of the subjects” led cameralists to support central planning and organization to regulate the economy and utilize the natural resources of the nation in the most efficient manner possible based on the methodology of science. As a result, a state under cameralism is “systematically organized and administered in detail around a connected and coherent set of specific purposes or ends” (Spicer, 1998, p. 154). These purposes include “the accumulation of precious metals”, the maintenance of external and domestic security, and investment in agricultural and industrial resources. According to Justi, the state can ensure the “creation and acquisition” of wealth via the provision of health care and education, the “promotion of marriages”, encouraging exportation, supporting the development of skills and knowledge, etc. (Tribe, 1988, p. 61, 62, 71).

Tribe (1988) noted that “Cameralistic teaching” was introduced at German universities by the end of the 18th century (Tribe, 1988, p. 116). Karl Heinrich Rau (1792-

²²⁶ Andre Wakefield, in *The disordered Police State: German Cameralism as Science and Practice* (2009), pointed out that Cameralism was “intimately and ineluctably tied to the sciences of nature” (Wakefield, 2009, p. 20).

1870) played a significant role in the development of Cameralism at German universities in the 19th century; in fact, it has been established that Roscher²²⁷ attended Rau's lectures and "Menger studied Rau's *Lehrbuch*" (Tribe, 1988, p. 183). Rau was of the opinion that "Cameralism could not remain the same as it had been in the previous century, it might be possible to rejuvenate it" (Tribe, 1988, p. 193).

Roscher not only derived some of the principles of the German Historical School of Economics from cameralism, he also made a significant effort to "rejuvenate" it (cameralism) (Tribe, 1988, p. 206). In fact, he even took "aspects of political theory and history" into consideration in his attempts to "rejuvenate" cameralism (Tribe, 1988, p. 203). According to Andre Wakefield, in his short essay "Books, Bureaus, and the Historiography of Cameralism" (2005), Roscher basically "trimmed cameralism to its bare economic essentials, discarding most of the extraneous garbage about technology, agriculture, forestry and the rest" (Wakefield, 2005, p. 313).

However, Roscher derived his views pertaining to the transformation of the "political economy into a historical science" from cameralism, as he supported the notion that the discipline of economics involves "governing people and evaluating their actions" (Hacohen, 2000, p. 463). In fact, Wakefield explained that Roscher was able to establish "the cameralists as German mercantilists²²⁸ and, in the decades that followed, scholars [of the historical school] worked to refine and extend his thesis" (Wakefield, 2005, p. 314).

²²⁷ Tribe explained Rau's influence over the development of Roscher's views, as he stated that "the descriptive features of Rau's text...made [Roscher]...to adapt theoretical principles to historical circumstances" (Tribe, 1988, p. 206).

²²⁸ According to Wakefield, however, there is no consensus that cameralism was actually the German mercantilism; it is also sometimes viewed as "a subset of German mercantilism" (Wakefield, 2005, p. 314).

7. 3. The Austrian School of Economics

During the period in which the German Historical School of Economics was dominant, the Austrian School of Economics was already playing a significant role as an alternative economic program of research, even though the latter was founded as a reaction to the former. In the 1930s, the Austrian School of Economics “was part of the then-developing mainstream in economics” (Caldwell, 2004, p. 4). The Austrian School of Economics earned an important position in the history of economic thought based on its opposition to the central, rational planning of totalitarian regimes and welfare states, its contribution to the development of liberalism, and the roles that its theorists played at the Mont Pèlerin Society.

The Austrian School of Economics did not start out “as a school”; rather, it was essentially Carl Menger’s²²⁹ (1841-1921) reaction to historical school, which he expressed in *Principles of Economics* (1871) (Caldwell, 2004, p. 126). After the publication of this book, the term “Austrian School” was used for the first time by economists from the German Historical School of Economics to “denigrate” the views of Menger and his followers (Grassl and Smith, 1986, p. VII). Even though the Austrian school of economics was founded after the publication of *Principles of Economics*, it is crucial to point out that Menger’s work was deeply influenced by the 19th century German political economy. This is not surprising given that Menger originally considered himself to be part of the German tradition; he was, in fact, a student of Wilhelm Roscher (Giouras, 1995, p. 118). Furthermore, he not only cited Roscher many times in *Principles of Economics*²³⁰ (*Grundsätze der Volkswirtschaftslehre*) as “an authority”, but he actually went so far as to dedicate the book to him (Senn, 2005, p. 86). However,

²²⁹ “Menger, together with William Stanley Jevons in England and Léon Walras in Lausanne, Switzerland, are the founders of the marginal revolution” (Caldwell, 2004, p. 30). “Marginal utility...states that under certain conditions of exchange (e.g. both parties know their best interests) the price of a product varies in direct proportion to need” (Beiser, 2011, p. 523). However, it should be noted that Menger has been accepted as “the least marginalist of the triumvirate” (Caldwell, 2004, p. 30). This is related to Menger’s lack of “adequate mathematical training to handle marginalism properly” (Caldwell, 2004, p. 31). Additionally, he was not “interested in getting mathematically precise results; he was interested in explaining essential causes of social phenomena” (Caldwell, 2004, p. 31). While Menger did discuss “the *Principles* about halfway through the book”, “he himself came to see marginalism as among his less important contributions” (Caldwell, 2004, p. 30, 32).

²³⁰ Carl Menger’s *The Principles of Economics* (1871) is “not a work in empirical science at all but entirely a work of philosophy” (Haller, 2004, p.7).

theorists associated with the Historical School were not enthusiastic about *Principles of Economics* and Roscher went so far as to condemn “Menger’s work as an insufficient scientific performance” (Giouras, 1995, p. 118). Schmoller, who was “known as the leader of the younger German historical school”, read *Principles of Economics* and accused Menger of being a “follower of Ricardo” and the British classical school (Caldwell, 2004, p. 48, 49). However, Schmoller’s accusation did not have merit, as Menger openly opposed the British classical school.

After receiving such harsh criticisms from of the historical school’s theorists, Menger decided to create a new theory. Max Alter (1990) explained that “Menger was upset by the lack of understanding Roscher displayed when reviewing Menger’s contribution to economic theory” after the publication of *Principles of Economics* (Alter, 1990, p. 323). In other words, according to Alter, “Menger turned from liking to disliking the historical economists because they [the historical school’s theorists] failed to appreciate his contribution to historicist theory” (Alter, 1990, p. 323). This rivalry and dispute with the German Historical School of Economics over *Principles of Economics* led Menger to play a major role in the “establishment of a distinctly Austrian school of economics”, which represented an alternative to “economic positivism and empiricism” (Caldwell, 2004, p. 29, 30, 48, Grassl and Smith, 1986, p. 2). After the publication of *Principles of Economics*, Menger published *Investigation Into the Methods of the Social Sciences* (1883), where he was very critical of the views of certain economists from the German Historical School, namely Roscher, Bruno Hildebrand, and Karl Knies (Hacohen, 2000, p. 463). In fact, it could be argued that Menger used this book to accuse the historical school of economics of delaying the development of economic theory.

After Menger published *Principles of Economics*, which was accepted as the founding manuscript of the Austrian School of Economics, many well-known theorists made contributions to the development of this school of thought, including Eugen Böhm-Bawerk (1851-1914), Friedrich von Wieser (1851-1926), Ludwig von Mises²³¹ (1881-

²³¹ “The circle of thinkers around Ludwig von Mises who did most to establish the characteristic methods and insights of the Austrian School” (Grassl and Smith, 1986, p. VIII).

1973), Joseph Schumpeter (1883-1950), Gottfried Haberler (1900), Fritz Machlup (1902-1983), Friedrich von Hayek²³², Ludwig Lachmann (1906-1990), and Israel Kirzner (1930-). However, despite the important role that each of these theorists played in the development of the Austrian School of Economics, the details of their individual contributions will not be discussed in this section.

7. 4. Points of Contentions between the German Historical School of Economics and the Austrian School of Economics

This section will focus on some of the precise points of contention between the Austrian School and German Historical School of Economics, many of which originated as a result of decades-long disagreements between Schmoller and Menger about the methods of political economy. In fact, Menger tried to refute the German Historical School's rejection of "general, abstract non-historical economic theory". Thus, based on the points of contention between the Austrian School and German Historical School of Economics, this section will examine the role of the state within society, methodological collectivism, the nature of human knowledge, the role of ethical values, the application of the methods of natural science to the social sciences, and the inductive method of the German Historical School of Economics. It will also examine another important point of contention between the German Historical School of Economics and the Austrian School of Economics, which pertains to the nature of human knowledge. To be more precise, the Austrian School argued that individuals possessed imperfect information and rejected the view that human beings could ever obtain true knowledge or perfect knowledge, which could be used to achieve rational forecasting and design within society.

Discussing the various disputes between the German Historical School of Economics and the Austrian School of Economics will be helpful to gain a better understanding of the foundations of Hayek's political thoughts, as well as the basis for his critique of scientism. It will also assist in comprehending the rational for his

²³² Hayek, along with Karl Menger and Ludvig von Mises, was well known for his contributions to the Austrian School of Economics. In fact, his interest in economics began with Menger's *Principles of Economics*. In fact, Hayek referred to Menger's writings in his own works on a regular basis.

accusation that the German Historical School of Economics influenced the development of the principles of the totalitarian regimes of the 20th century.

7. 4. 1. Ethical Values and State Intervention

Economists of the German Historical School rejected classical *homo economicus* of self-interest maximization as the main motivation for human action or behaviour. They believed that classical economists neglected the role of ethical values in motivating people's choices and decisions by placing such a high value on self-interest maximization. As a result, they claimed that classical *homo economicus* of self-interest maximization created injustice, poverty, and misery, produced destructive social outcomes, and engendered inequality in society (Caldwell, 2004, p. 40).

Contrary to classical *homo economicus*, economists of the German Historical School defended a role for ethical values in determining human action or behaviour. To be more precise, they thought that the actions of individuals were not motivated solely by self-interests, but rather that they were guided by other factors such as a desire for justice and equality, compassion for one's fellow men, cultural practices, etc., all of which constitute parts of ethical values. They also defended public spirit or public interests as well as social justice, "social welfare and national solidarity" as parts of ethical values, though they did not necessarily support socialism²³³ (Caldwell, 2004, p. 55).

As was the case with other economists from the German Historical School, Schmoller was very concerned with social justice, regarding it as an important part of ethical values (Peukert, 2001, p. 76). Like Schmoller, Roscher attempted to achieve justice and harmonious relationships within society through a more equitable distribution of income (Giouras, 1995, p. 113). More specifically, Roscher sought "the activation of

²³³According to German Historical School economists, "socialism" was not the solution for the problems prevalent in Germany at that time; in fact, they regarded it as a "false remedy" (Caldwell, 2004, p. 55). Furthermore, they considered "socialism as the factual and logical result of capitalism" (Kobayasi, 2000, p. 65). They also accepted socialism as "the denial of individual freedom and private property" (Kobayasi, 2000, p. 65).

“love” for the weaker members of society” in his defence of justice, so as to minimize the “potential causes of a socialist revolution” (Giouras, 1995, p. 111).

Schmoller stressed that the supporters of *homo economicus* valued the “subjectivist” view of justice without taking any consideration for “social welfare and national solidarity”. He did not believe that the “judgement of justice” was an individual matter or that it could be shaped according to “individual taste”. Rather, he thought that the “judgment of justice” was a social matter and that it was shaped by the ethical values of “moral communities” (Haller, 2004, p. 15). He concluded that “the strategic problems of economic life cannot be overcome unless people act, in virtue of their common ends, as members” of moral or ethical communities (Haller, 2004, p. 15).

Schmoller primarily focused his attention on the role of the state in controlling the “development of institutions” so as to achieve ethical outcomes within society (Peukert, 2001, p. 76). He associated the outcomes of ethical values with “judgment of justice”. For example, he believed that the state could stimulate economic progress and promote distributive justice²³⁴ through the development of social institutions²³⁵.

The role of ethical values in the German Historical School of economists was one of the key points of contention with Menger, as well as other economists from the Austrian School. Menger rejected the interventionist state that the Historical School developed to achieve ethical goals. His opposition to the integration of ethical values into the theoretical aspects of economics did not mean that he rejected the role ethical values within society (Haller, 2004, p. 23). He believed that ethical goals should be attained through the decisions and actions of individuals, free from any forms of central planning or design, as opposed to relying on state interference.

²³⁴ Schmoller was very optimistic when it came to the achievement of distributive justice, as he believed that the future would bring improvements in terms of achieving distributive justice based on the progress of social institutions, which themselves are results of historical patterns and trends (Haller, 2004, p. 11).

²³⁵ According to Caldwell, “a number of recent authors consider Schmoller to be the father of the modern welfare state” on account of his defence of justice within the nation based on the distribution of wealth (Caldwell, 2004, p. 40). However, Mises and Hayek went further and accused him of being an advocate of “nationalist socialism” because of his defence of distributive justice (Hacohen, 2000, p. 465). When Schmoller was alive, however, he actually opposed liberalism and socialism, and was regarded as “an economist of (and academic apologist for the policies of) imperial Germany, and Menger’s methodological opponent” (Caldwell, 2004, p. 43).

According to the Austrian School of Economics, achieving goals based on ethical values via state authority would often necessitate multiple interventions, as earlier interventions typically fail to produce the desired outcomes. Frequent interventions of this sort would lead to the nation transforming itself into an authoritarian state. On this basis, the Austrian School of economics concluded that the defense of “ethical orientation” for the purpose of achieving social justice and the common good on the part of German Historical School economists was harmful for the progress of society.

7. 4. 2. Methodological Individualism vs. Methodological Collectivism

The Austrian School of Economics placed a high value on the study of methodological issues; they also defended methodological individualism²³⁶ against “methodological collectivism”. The economists of the German Historical School rejected methodological individualism²³⁷, because they associated it with the views that classical economist held about self-interests, where individualistic and selfish behaviour constituted the basis of life. Meanwhile, the economists of the Austrian School opposed “methodological collectivism”, because they associated it with achieving the collective good.

In his arguments against methodological individualism, Roscher pointed out that society and its institutions are not outcomes of un-designed human actions or the pursuit of individual interests; rather, they result from the will of “historical personalities or super-individuals” to achieve collective good (Milford, 1995, p. 41). In *The Mercantile System and Its Historical Significance* (1967), Schmoller, similar to Roscher, rejected methodological individualism, arguing that even the most primitive tribes organized activities based on the common goals of the whole tribe and/or clan. Therefore, self-interest cannot be identified as the only rationale for all human actions and decisions. As

²³⁶ Max Alter, in his article, “What do we know about Menger” (1990), claimed that methodological individualism is related to the “Austrian interpretation of Leibniz’s Monadology”. In other words, Austrians had “an atomistic reinterpretation of the Leibnizian monad”, which “made the integration of romantic-historicist and rationalist elements of thought possible” in their methodological individualism (Alter, 1990, p. 328).

²³⁷ Different versions of methodological individualism existed from the social contract theory to Austrian and Classical economics. However, this section will not elaborate on the differences between them.

such, Schmoller was of the opinion that individuals in the economic arena do not act as pure profit-maximizing agents, but that they take both “selfish and common” goals and ends into consideration when they make a choice of action (Haller, 2004, p. 14). Roscher’s view concurred with that of Schmoller, as he valued “public spirit” over “self-interest”, as he believed that “public spirit” essentially “establishes the society”; nevertheless, he tried to achieve the unity of “self-interest” and “public spirit” (Milford, 1995, p. 40). In fact, Roscher’s ideal state was based on the reconciliation of “self-interest and public spirit” (Milford, 1995, p. 40).

Contrary to Roscher and Schmoller, Menger associated the idea of “public spirit” with “the realm of ethical phenomena” or ethical orientation (Haller, 2004, p. 27). Thus, for him, the defense of ethical orientation by the economists of the German Historical School was strongly related to methodological collectivism. In fact, in *Principles of Economics*, Menger opposed accepting ethical values as an important part of the methodology of social science. Although he accepted ethical values, and the existence of injustice in a society, could affect an individual’s choice of action, he was also of the opinion that moral and ethical values cannot explain the reasoning behind all choices of action that an individual makes or the theoretical aspects of economics. In other words, Menger objected to the integration of ethical values or orientation into the theoretical aspect of economics, because he believed that “self-interest” and “public spirit”, or the common good, belonged to “different sides of social life” (Haller, 2004, p. 27).

Furthermore, Menger explained that because of the fact that the historical school economists focused on the unification of individual agents with collective phenomena and “self-interest” with “public spirit”, they presupposed behavioral regularities as well as the homogeneity of individuals’ goals, ends, and choices of action so as to achieve the aggregate well-being of society. In other words, by assuming behavioral regularities and the homogeneity of individuals’ goals and ends, the historical school aimed to improve the situation of the weak and poor within the society. Menger was not opposed to improving the situation of the weak and the poor; however, he was against methodological collectivism designed to achieve common goals or improve the situation

of the weak and poor via “welfare programmes proposed by the German social reformers” (Haller, 2004, p. 31).

Instead of the methodological collectivism of the historical school, Menger sought to develop a new theory to explain “the origin and change of institutions such as money or markets”, which are related to methodological individualism, when he wrote *Investigation Into the Methods of the Social Sciences* (1883) (Milford, 1995, p. 43). He highly valued methodological individualism²³⁸ because he had confidence in its ability to analyze complex social and economic phenomena. Menger and other economists from the Austrian School had high regard for methodological individualism; they made it clear that it was not related to isolated atoms, nor was it equivalent to hedonism and egoism. Thus, according to the Austrian School of Economics, the notion of individualism is not related to the maximization of pleasure and sensations in the hedonistic sense. Furthermore, the economists of the Austrian School did not believe that individualism was related to classical *homo economicus* or the constant preoccupation with egoistic pursuits of economic gains and interests.

Menger’s version of methodological individualism assumes that the institutions of society are not outcomes of rational design intended to achieve the collective good, but rather, that they are the results of un-intended, subjective human actions. In his defense of methodological individualism, Menger highlighted the role of subjective factors in both an individual’s choice of action, as well as the development of the institutions of society. In fact, in *Problems of Economics and Sociology* (1883), Menger emphasized the importance of analyzing subjectivism and individual actions for the purpose of understanding economic phenomena.

²³⁸ Methodological Individualism is a term that Menger did not use in his writings.

7. 4. 3. The Nature of Human Knowledge and the Natural Sciences

Another important point of contention between the German Historical School of Economics and the Austrian School of Economics relates to the nature of human knowledge. The Austrian School of Economics accepted that individuals possess imperfect information and that their knowledge is fragmented and dispersed; as a result, people are uncertain about the consequences of their actions. The economists of German Historical School, on the other hand, attributed central importance to the power of true human knowledge in the rational design of society. Thus, based on the power of true human knowledge, the German Historical School of Economics defended increasing rationality so as to achieve predictable order within society. As such, they highly valued the methodologies of the natural sciences. However, they also supported the view that history should be a science with its own methods and standards, even going so far as to attempt to justify the scientific status of history. According to them, history and natural sciences are both “positives sciences”, which means their goal is to discover “strictly universal knowledge that is proved true” (Milford, 1995, p. 38).

Furthermore, similar to the natural sciences, the economists of German Historical School assumed that human beings possessed true knowledge that was universal. Based on this assumption, they believed in the possibility of developing social laws and rules²³⁹. They claimed that this could be done by using universal and true knowledge, as well as historical facts and developments, to achieve rational and predictable order within society. Roscher believed that historicists could gather “the data and facts, which are the raw material or the input from which science starts, and which constitute the empirical basis on which the theoretical building is erected” (Milford, 1995, p. 33). Furthermore, Schmoller maintained that laws of development and “new theories would be formulated through feedback between theoretical and historical approaches” (Yeuichi, 2000, p. 12).

²³⁹ In order to discover laws of development, historicist theorists claimed to be capable of distinguishing between pertinent and non-pertinent “data and facts”, which allowed them to choose pertinent “data and facts and process them to theories by discovering regularities and similarities” (Milford, 1995, p. 33).

Contrary to the views of the German Historical School of Economics, the Austrian School opposed the use of forecasting to obtain an historical understanding of phenomena. Furthermore, Menger stressed that “sound foundations” would not be realized in the field of economics by merely “copying methods of the natural sciences” (Alter, 1990, p. 332). In fact, he considered the methodology that the German Historical School supported to be “erroneous” and claimed that “the progress of a science is blocked because erroneous methodological principles prevail” (Menger, 1985, p. 27). However, this does not mean that Menger held a completely negative view of “historical knowledge” and “statistics of economy”. In fact, he explained the important role that history plays in understanding the significance of social phenomena in *Investigations into the Method of the Social Sciences with Special Reference to Economics* (1985) (Menger, 1985, p. 43). Nevertheless, he rejected the view that history and statistics “are the only sources of materials” (Ingram, 1967, p. 235).

Menger recognized the contributions made by the German Historical School in terms of understanding the roles played by history and “statistics of economy” in the development of both social phenomena and social institutions. However, he was concerned with the fact that the German Historical School placed a high value on “history and statistics of economy”, rather than on “theoretical sciences” (Menger, 1985, p. 38). He argued that “historical knowledge...[and] historical understanding of phenomena...can...never replace theoretical knowledge” (Menger, 1985, p. 52). He also emphasized the role of theoretical science in understanding concrete phenomena (Menger, 1985, p. 44). Specifically, he explained that “the purpose of the theoretical sciences is understanding of the real world, knowledge of it extending beyond immediate experience, and control of it” (Menger, 1985, p. 55). In other words, knowledge of phenomena becomes possible, because theoretical sciences allow us to “set the conditions of phenomenon which are within our control, and are able in such a way to produce the phenomenon itself” (Menger, 1985, p. 56). Thus, Menger reached the conclusion that “both the history and the theory of social phenomena in general provide us with a certain understanding of social and economic phenomena. However, this is in each case

something individual, something essentially different, just as theory and history themselves” (Menger, 1985, p. 45).

Menger was dissatisfied with the fact that “historical economists do not always keep separate with sufficient strictness these two ways of understanding economic phenomena, which are so different in their nature and bases” (Menger, 1985, p. 45). More precisely, he was critical that historical economists would apply historicism to “theoretical economics” in an attempt to obtain an “historical understanding of economic phenomena” (Menger, 1985, p. 45). Menger argued that the economists of the historical school confused “the historical and theoretical points of view in scientific research in economy” (Menger, 1985, p. 48). He blamed this confusion for hindering “progress” in the discipline of economics in “the most destructive way” (Menger, 1985, p. 48). Thus, on account of this error or confusion, Menger concluded that, “in Germany research in the field of theoretical economics has been unproductive” (Menger, 1985, p. 48).

Contrary to arguments for obtaining an historical understanding of phenomena and achieving accurate forecasting, put forth by economists from the historical school, Menger defended the view that an individual’s actions are modified according to their efforts to satisfy their “needs” and “wants” “under the condition of scarcity”, and based on access to the knowledge that free markets provide without relying on the methods of the natural sciences (Alter, 1990, p. 333). He believed that the methods of natural science cannot be used to accurately predict the consequences of human actions, as none of the agents in the marketplace can possess all of the information necessary to conduct an accurate forecast. This does not mean that he was totally opposed to any application of the methods of natural science to economics, as he was of the opinion that “the method of economics could be the same as that of natural sciences, and that economists could construct general laws and conceptual models that go beyond inductive evidence” (Beiser, 2011, p. 522). In fact, he did not believe that there was any significant “difference between the methods of economic theory and those of natural science” (Beiser, 2011, p. 522).

Nonetheless, Menger argued that it was impossible to obtain an accurate economic prediction; furthermore, he maintained that increasing rationalization in all areas of life engendered fragmentation, disorder, un-freedom, and inequality within society. Menger also emphasized that individuals subjectively make their decisions during the process of satisfying their “needs” and “wants”, and that they are uncertain about the consequences of their choices. Additionally, he stressed the importance of “unintended and unanticipated” outcomes of “human action”, which are shaped or altered through the emergence of unexpected and un-predicted circumstances.

Menger claimed that the limited nature of human knowledge, the constant changes in the requirements and needs of human beings, and “unintended and unanticipated” outcomes of “human action” would lead to a failure in any attempts to provide accurate predictions on the part of the historical school. Furthermore, Menger opposed the historical school when he argued that social theorists cannot derive the methods of the social sciences from the methods of the natural sciences, because, in the case of the former, individuals make plans based on their thoughts, beliefs, desires and interests. Thus, according to the Austrian School, the economists of historicist school were delusional about the notion of possessing strictly scientific and universal knowledge; in fact, they ended up creating a type of knowledge that was no longer scientific, but rather administrative and bureaucratic. As such, Menger reached the conclusion that the social sciences need to develop their own methods, since social life and institutions are outcomes of human social actions and interactions.

7. 4. 4. Inductive Methods

The debate on the inductive method versus the deductive method²⁴⁰ was another important point of contention between the contributors to Austrian School and their counterparts at the German Historical School of Economics; it apparently lasted for decades. The German Historical School of Economics defended “empirical and inductive method”, which was completely opposed to “the abstract, theoretical, and deductive

²⁴⁰ Roscher was critical of deductive methods of classical economics (Weber, 1975, p. 59).

method” that Austrian School of Economics supported (Yeuichi, 2000, p. 11). Economists from the German Historical School were of the opinion that “abstract deduction” treats “man much more like a material than like a moral force” (Roscher, 1972, p. 35). As a result, they sought to replace the abstract deductive method with historical induction. For them, “the economist should collect masses of inductive evidence from surveys and statistics before hazarding generalizations” (Beiser, 2011, p. 522). In other words, they were of the opinion that laws and principles of development, as well as theories, should be derived from historical study²⁴¹.

Roscher was very conscious of the fact that it was not easy to attain “true economic and social laws by inductive methods” (Milford, 1995, p. 38, 39). He recognized that “the natural sciences can apply inductive methods because nature shows uniformity” and that it was possible to have “repeated observations” (Milford, 1995, p. 39). However, he was also aware of the fact that, in the case of the social sciences, it was difficult to have “the observation of repeated instances” (Milford, 1995, p. 39). This difficulty pertaining to “the observation of repeated instances” in the social sciences interferes with discovering “universal laws”; as a solution, Roscher suggested that scientific research should focus on historical examination aimed at discovering historical laws and principles of development.

Since it was uncommon to have repeated observations in the social sciences, Roscher proposed comparative study of economic life and broadening the empirical basis for observation. That means he believed that the discovery of historical laws would only be made possible through historical observation and by comparing “the economic development of all nations and peoples” (Milford, 1995, p. 39). This method would take the “political, cultural [including, customs, habits and traditions], linguistic and legal development” of all nations into consideration in order to discover “the historical laws of development” (Milford, 1995, p. 39). Therefore, Roscher, as well as other economists

²⁴¹ According to Economists from the German Historical School, historical change occurred in “stages from village economy to city economy to territorial economy to national economy” (Yeuichi, 2000, p. 28). These dissimilar manners of organizing society are strongly related to the different types of relationships that exist between individuals, such as “kinship”, “sympathy”, “love”, law, contract, etc. This form of “stage theory was concerned with the evolution of institutions brought about by the interactions between ethics and economy, between spiritual-social and natural-technical factors” (Yeuichi, 2000, p. 28).

from the German Historical School, aimed at using “the inductive method of reasoning from concrete historical data” in order to discover historical laws of evolution pertaining to nations (Senn, 2005, p. 187). They accepted “historical investigation” as “fully scientific and, indeed the only legitimate way to study the evolution of society” (Caldwell, 2004, p. 43).

Meanwhile, the economists of the Austrian School argued against the German Historical School’s reliance on history for the purpose of uncovering laws and principles of development. For Menger, the strong support for history as an explanation for progress in social and economic matters on the part of German Historical School economists meant they rejected the universal validity of laws. Contrary to the views expressed by the German Historical school on the subject of universal laws, Menger believed that “the scientist does not simply generalize from experience or limit himself to inductions made from observations, because experience never provides perfect illustrations of them” (Beiser, 2011, p. 523). Thus, he claimed that historicists did not value abstraction from the empirical basis; instead, they tried to find historical laws and principles of development, and valued long-term forecasting. As a result, he explained that the efforts of the historicist school to apply “strictly universal laws” to economics failed because of the fact that they rejected “the principle of empiricism”. As such, Menger concluded that the inductive method, which is applied in the natural sciences to uncover the laws and principles of nature, represents “a logical problem closely connected with the question of whether the social sciences are theoretical sciences at all” (Milford, 1995, p. 45).

Menger argued that since economists from the German Historical School rejected the existence of universal economic laws or general laws, they were forced to rely on history, in addition to ethics, and political and cultural analysis, which created groups of people with narrow views on economics and progress. As a result, Menger came to believe that the German Historical School of Economics delayed the development and progress of economic theory in Germany. However, it is worth mentioning that, according to Frederick C. Beiser in *The German Historicist Tradition* (2011), it was not the theorists of the German Historical School, but Menger and his followers that delayed

“the development of science”, because “they wanted to return to the age of scholasticism, where abstractions and a priori constructions ruled, rather than the hard work of the empirical research” (Beiser, 2011, p. 524).

7. 5. The German Historical School of Economics: Hegelian Roots?

The German Historical School of Economics highly valued the historicist approach (historicism), which Mises and Hayek, two leading theorists of the Austrian School of Economics, associated with “nationalist socialism” and “Marxism” (Hacohen, 2000, p. 480). Like Mises and Hayek, Popper, who was also raised in the Austrian tradition, rejected and opposed historicism. Both Hayek and Popper sought to eliminate the historicist approach from all social sciences.

Popper defined “historicism” as “an approach to the social sciences which assumes that historical prediction is their principal aim, and which assumes that this aim is attainable by discovering the ‘rhythms’ or ‘patterns’, the ‘laws’ or the ‘trends’ that underlie the evolution of history”²⁴² (Popper, 1960, p. 3). In other words, for him, historicists highly valued discovering historical patterns of development with regards to social phenomena; they assumed that identical situations and circumstances engendered identical outcomes in different periods of time and places.

According to Hayek, the historical school of economists believed that they could “treat the existing economic order as merely a ‘historical phase’ to be able to predict from the ‘laws of historical development’ the emergence of a better future system” (Hayek, 1967, p. 212). He was very critical of applying the “historical method” to all social sciences, particularly in the case of economics as was frequently the case in Germany; this was done primarily by Gustav Schmoller²⁴³ (Hayek, 1941, p. 200).

²⁴² In *Karl Popper: The Formative Years, 1902-1945* (2000), M. H. Hacohen suggested that sections of Popper’s “Poverty” read almost as a direct response to Roscher and Knies”, who founded the German Historical School of Economics between the 1840s and 1860s (Hacohen, 2000, p. 464).

²⁴³ Hayek also claimed that Comte’s application of the scientific approach to the social sciences influenced the development of Gustave Schmoller’s views.

In fact, both Hayek and Popper traced the origin of historicism back to Hegel's political philosophy to some extent. More specifically, in *The Open Society and Its Enemies*, Popper placed most of the blame for historicism and the awaking of nationalist sentiments within the German and Italian populations in the 20th century on Hegel. Hayek, meanwhile, made the claim that Hegel influenced the economists of the German Historical School. He also held Hegel, among a few other theorists, responsible for historicism and advocating the idea that "history leads to a predetermined end" (Hayek, 1941, p. 200). He went on to claim that Friedrich List²⁴⁴ and Roscher held views that were similar to those of Hegel, though he did not provide a more detailed explanation (Hayek, 1941, p. 205).

Hayek's accusation that List held views that were similar to those of the Hegelian state did not make sense. In fact, List's views pertaining to the role of the state were primarily attributable to his personal observations during the time he spent living in the United States between 1825 and 1832. Furthermore, Tribe (2007) explained that List's criticisms of classical economics, including his views of Adam Smith, were not really related to the "German intellectual tradition" or the ideas of German economists of the early 19th century; instead, he claimed that List's criticisms appeared to be based largely on American economic debates.

Another reason to conclude that Hayek's accusation that the German Historical School was influenced by Hegel's political philosophy (or the Hegelian state) did not make sense was on account of Leopold von Ranke's influence over the development of the German Historical School of Economics and the intellectual "battle" between Ranke and Hegel, which lasted for decades. Ranke, who contributed to the development of the historical school in the area of jurisprudence along with Dilthey, Simmel, Rickert and Lask played a significant role in Roscher's contribution to the development of the German Historical School of Economics. Furthermore, Ranke was also involved in a significant intellectual battle with Hegel centered around his accusation that Hegel's

²⁴⁴ Friedrich List is often accepted as "the forerunners of the Historical School" (Senn, 2005, p. 186).

idealism represented “the great threat to the new science of history” (Beiser, 2011, p. 253, 258). Furthermore, Ranke accepted Hegel, along with Fichte, as a “philosopher of history”, as, contrary to Ranke’s views, Hegel did not believe that history could be a science that was “independent of philosophy” (Beiser, 2011, p. 258, 263).

In fact, Hegel was part of a “philosophical school” as opposed to an “historical school” (Beiser, 2011, p. 258). This put him in opposition to the views of the “the historians” in Berlin, who were able to block “Hegel’s entrance into the *Akademie der Wissenschaften*” (Beiser, 2011, p. 259). In retaliation, Hegel founded “*Die Societät für wissenschaftliche Kritik*”, which aimed “to take revenge by snubbing the membership of historians” (Beiser, 2011, p. 259). In the 1820s, “the historians” in Berlin “recruited Ranke knowing that he would be a natural ally against Hegel” (Beiser, 2011, p. 259).

The “battle” between Ranke and Hegel commenced 1831; in fact, he continued to make his arguments against Hegel even after Hegel’s death that same year (Beiser, 2011, p. 259). As it turned out, “Ranke’s argument against Hegel was enormously influential” among historians (Beiser, 2011, p. 261). However, according to Frederick C. Beiser in *The German Historicist Tradition* (2011), Ranke’s success was largely due to arguments that could be described as “a monster of his own making”, as Hegel would not have been opposed to a majority of Ranke’s points had he been alive (Beiser, 2011, p. 261).

After reading *National System of Political Economy*, as well as the writings of Tribe, and Beiser it becomes very clear that Hegel was not an inspirational source for List or the fundamental principles of the German Historical School of Economics. Additionally, even though it is sometimes claimed that the theories, ideas, and views espoused by Roscher, Schmoller, and other historicist economists contained ideas taken from Hegel, it is clear that the views of the economists from the German Historical School were not influenced by Hegel’s political philosophy, as suggested by Hayek. It seems that Hayek’s opposition to the totalitarian regimes and welfare states of the 20th century led him to accuse Hegel of influencing the development of some of the ideas of the German school of thought, especially with regards to the role of the state within

society. However, a close examination of Hegel and works of the economists of the German Historical School reveals that Hayek likely misinterpreted Hegel's political philosophy, as the Hegelian state is completely incompatible with the German Historical School's views of the state. In fact, the principles of the German Historical School were explicitly anti-Hegelian. Therefore, neither Popper's accusation that Hegel was a historicist theorist, nor Hayek's accusation that Hegel influenced the development of the ideas and goals of the German Historical School of Economics rest on credible foundations.

7. 6. Conclusion

Hayek's preoccupation with enemies of the open society during cold war era seemed to influence the fact that he associated totalitarian regimes with the German Historical School of Economics. As a result, he largely neglected the important role that this school played in the history of economic thought. For example, he made no mention of the fact that, in the second half of 19th century, German universities played a "powerful" role in "the development" of economics "on an international scale" (Tribe, 1988, p. 3). Hayek also failed to mention that German universities were the primary destinations for American students seeking a "good graduate education" in the 1880s and 1890s (Senn, 2005, p. 58). It should be noted that the majority of these American students trained under Roscher or Schmoller (Senn, 2005, p. 58). However, the First and Second World Wars had very detrimental impacts on the standing of these German universities. In other words, German universities lost their worldwide supremacy in the 1920s because of a decline in the high scholarly standards that they established in the 19th century. As a result, "the American university system began to establish its worldwide pre-eminence" following the two World Wars and, in the 20th century, successfully attained "the high scholarly standards set by the great German universities during the 1880s and 1890s" (Senn, 2005, p. 59).

Furthermore, Hayek also ignored the most important contribution that the German Historical School made to the discipline of economics, which is related to the role of

historical studies and statistical methods of economic investigation. Hayek was strongly opposed to the historical school's claim that civilization is entirely the product of the power of reason and historical studies. Instead, he believed that civilization, as well as other great things that humanity achieved, were products of spontaneous order and had nothing to do with the conscious rational design of the power of reason. Therefore, Hayek was of the opinion that individuals co-ordinated their activities spontaneously based on the contextual knowledge that they possess. In other words, individuals use their particular knowledge on the basis of their particular understanding and interpretations of the social and economic context.

Hayek and Popper often argued against the abuse of reason under the pretext of scientism, which applied “objectivism”, “collectivism” and “historicism” to the social sciences. Their analyses pertaining to the enemies of open societies resulted in a body of work that, to some extent, traced the origins of these enemies back to the German Historical School of Economics, which they both regarded as a mix of Hegelianism²⁴⁵ and scientism. However, it is clear that, based on the principles of this school of thought and the role that it attributed to the state, the German Historical School of Economics was explicitly anti-Hegelian.

The nature of Hayek and Popper's views on the German Historical School of Economics and scientism were primarily attributable to the fact that they were both raised in the Austrian tradition. Their views concurred with those of other economists from the Austrian School vis-à-vis the German Historical School. However, Menger, founder of the Austrian School of Economics, former adherent to the German tradition, and former student of Roscher, held a very different view regarding the historical school, as he recognized the importance of historical and statistical analysis.

²⁴⁵ Contrary to Hayek and Popper, it appears that Menger, who founded the Austrian School of Economics as a reaction to the German Historical School, actually studied Hegel's philosophy. For instance, Max Alter, in his article, “What do we know about Menger” (1990), claimed that Menger had “notebooks on Hegel's philosophy” (Alter, 1990, p. 321). It would be extremely helpful to study Menger's notebooks in order to gain a proper understanding of his views on Hegel.

Like Hayek, Menger opposed the high value that the economists of the German Historical School attributed to history as the key source of knowledge, as well as the role they ascribed to the state in the achievement of progress and the common goals of society. He described the history and statistical analysis used by the historical school as erroneous methods, arguing that it was not possible to accurately and successfully predict the future outcomes of the behaviours of large masses of human beings. Hayek's political philosophy and economic thought were strongly influenced by Menger's writings. In fact, he shared similar views with Menger regarding the historical school; unlike Menger, however, Hayek used the conception of freedom to demonstrate the fallacy of relying on long-term prophecies. Specifically, Hayek maintained that the future behaviours of each individual cannot be accurately predicted because, if it was possible to foresee all future outcomes of human actions for the purposes of rationally designing and planning future developments, spontaneous developments and freedom would not exist.

Despite the significant contributions made by German universities to "the development" of economics in the 19th century, the role of the German Historical School of Economics in the development of economic thought has often been neglected. In particular, this school of thought's critiques of neoclassical and Marxian economics, and its integration of ethical values into the theoretical aspects of economics, protective trade measures, and the inductive method, provide valuable insights that can assist in understanding the problems and concerns of the modern exchange economy.

Chapter 8. Conclusion

Although Hayek garnered a reputation for being a *populizer* through the publication of his famous book *The Road to Serfdom*, his intellectual work over the course of his entire career demonstrated that this was not the case. In fact, he made significant contributions to the development of many disciplines including psychology, sociology, the history of ideas, the philosophy of law, political philosophy, the philosophy of science, and the field of economics through his investigations into the nature of human knowledge, the role of the spontaneous forces, and the legal framework in the achievement of progress and freedom. However, despite the importance of Hayek's contributions to those different disciplines, this thesis focuses solely on the relationship that prevails between the state and freedom in his works. More precisely, this exercise was, in fact, an attempt to extend the discussion about origins of some of the fundamental theoretical sources behind Hayek's ideas on freedom and its different components.

Although my thesis attempted to examine some of the theoretical sources behind Hayek's accounts of freedom and the state, my intention was not to provide a comprehensive and complete description of the many fascinating thinkers and writers that influenced the development and formation of his views on these subjects; instead, I selected specific theoretical sources according to their originality and the strength of their influence on the development of his political philosophy. In the end, I settled on five key theoretical sources to focus on. They were Popper, Mill, Humboldt, Hegel, and the Austrian School of Economics.

There are some articles and chapters in books that examine the relationships, similarities, and points of contention between the writings of Mill and Hayek, and between those of Popper and Hayek. There are also a number of sources that look at the points of contention between the Austrian School of Economics and the German Historical School, which, to some extent, implicitly explain the theoretical development of Hayek's views regarding economics and liberal thought. However, there are no books, articles or commentaries that discuss the similarities between Humboldt and Hayek's

political philosophies. Despite the existence of many similarities between different components of their respective conceptions of freedom and their views pertaining to of the role of the state, Hayek made no mention of any debt to Humboldt's political philosophy. This is not particularly surprising considering Caldwell's quote from *Hayek's Challenge: An Intellectual Biography of F. A. Hayek*, (2004): "sometimes Hayek explicitly expresses his debt to the writings of others...but usually he does not" (Caldwell, 2004, Nn.8, p. 254). Even though Hayek did not systematically cite Humboldt's views, he clearly demonstrated that he read Humboldt's *The Limits of State Action* and was very familiar with Humboldt's views about individual freedom, the role of the state, the evolution and progress of society, etc. Furthermore, Hayek also demonstrated that he was familiar with the adjustments that Humboldt made to his views regarding the state in his later writings.

Based on the striking similarities that I have identified between Hayek and Humboldt's respective conceptions of freedom, their views regarding the role of the state, as well as with respect to the vocabulary that each of them employed, I have reached the conclusion that those similarities constitute more than accidental parallelism. In other words, given the frequency and nature of the similarities, it seems very likely that there is a causal connection between Humboldt and Hayek's political philosophies. As a result, I assert that there is good reason to believe that Hayek owes much of his philosophical framework to Humboldt's *The Limits of State Action*. Consequently, I have attempted to demonstrate that attaining a proper understanding of Hayek's liberalism and political philosophy requires a good grasp of Humboldt's political philosophy.

However, before explaining influence of different authors in the theoretical development of Hayek's views, I analysed his conception of freedom. In doing so, I identified two main components of his conception of freedom: economic freedom and negative freedom. In terms of the former, Hayek made it abundantly clear that economic freedom is "a necessary" condition for freedom in general. He defended and promoted free market capitalism, not only for the freedom that it provides, but also because he regarded it as the only system capable of resisting un-freedom, oppression and coercion.

As for the latter, Hayek did not really contribute anything new or original in his defence of negative freedom, which relates to the absence of interference and coercion.

Hayek was strongly opposed to state interference and planning. However, he also recognized that the state had to play a role in terms of establishing the rule of law so as to prevent the coercion of individuals by others, and to secure individual rights and freedoms. According to him, preventing the coercion of one individual by another in a free society necessitated that the state itself should be the only entity to possess a “monopoly of coercion”. Nonetheless, this monopoly to coerce has to be set at the minimal extent possible, based on predictable, “known rules” and laws, in order to prevent the coercion of one man by another and sustain freedom. In other words, even though Hayek found most state measures undesirable, he was not of the view that freedom entailed the complete absence of a government role or the adoption of a laissez-faire approach. Therefore, he believed that certain types of state intervention are compatible with the achievement of freedom; however, state actions need to be limited through some kind of legal framework.

Hayek’s views on state authority, including his emphasis on limited state action, were very similar to those of Humboldt. Like Humboldt, Hayek opposed all forms of state intervention designed to achieve material, intellectual, and physical happiness and perfection. This is because they both held the belief that such state interference would end up producing greater harm than benefit in terms of achieving freedom. Humboldt and Hayek also objected to any form of state planning aimed at achieving the common good. Furthermore, they were adamantly opposed any state intervention in the “private affairs” of individuals, including individual thoughts, moral values, religious faith, health, and education. Humboldt and Hayek believed that individuals should choose the actions they take in their own private spheres voluntarily, based on their own convictions and deliberation.

Humboldt and Hayek rejected state interference on account of their belief that it created dependence on state programs on the part of individuals, causing them to lose

their aptitude for spontaneous action. They also believed that state interference had the potential to coerce individuals in their private spheres and transform them into mere “machines” that “resemble each other”. Thus, both thinkers agreed that, by established uniformity, state intervention would end up eliminating diversity within society. As a result of these concerns pertaining to state interference, Humboldt and Hayek were preoccupied with determining limits for state action. However, they did not advocate for the complete absence of the state. They did, in fact, allow the state to play an instrumental role in not only ensuring the security of the nation against foreign enemies, but also in maintaining the rule of law in a manner that guarantees individual rights (i.e. individual freedom), prevents crimes and the violation of natural and property rights, and facilitates voluntary interactions among individuals.

Hayek and Humboldt defended the rule of law in order to prevent the coercion of one individual by another. They were of the opinion that individuals should assume the consequences of their own actions; if not, then the state was permitted to use its power to limit the harmful actions of individuals through the rule of law. On this matter, they argued that exercising self-restraint so as to respect the rule of law is not equivalent to following the commands of others, nor does it represent a barrier to the achievement of individual ends and goals within society. Both thinkers believed that rules and laws are general, universal and negative; they are not discriminatory nor do they positively prescribe certain types of behaviours. In fact, rules and laws are designed borders or limits on individual actions that also restrict the role of the state. However, it should be noted that both Hayek and Humboldt attempted to limit the possibility of the state abusing its power and authority in the name of “the protection of rights” and promoting freedom.

Hayek, much like Humboldt, believed that any state interference that attempts to achieve material, intellectual and physical happiness, in addition to perfection and equality, in the name of achieving the conditions of freedom, requires that the state gather information and utilize it to rationally and deliberately predict future outcomes. However, they were both in agreement that it was impossible to predict the future outcomes of an

action performed by any person or state authority on account of the intricacies associated with the limited nature of human knowledge, as well as the complexity of social and economic life. In fact, Hayek's theory concerning the limited and dispersed nature of human knowledge, which is often accepted as one of his most important contributions to the disciplines of economics and political philosophy, has similar content with the views that Humboldt briefly expressed on this subject in *The Limits of State Action*.

Based on his investigation into the limited and dispersed nature of human knowledge, Hayek ended up providing a strong critique of centrally planned systems, which he claimed required the presence of social engineers or planners. He reached the conclusion that, on account of the limited and dispersed nature of human knowledge, social engineers or planners can never possess adequate knowledge or gather the "staggering amount of information" required to reshape or redesign institutions and achieve the common goals and ends of the nation. In addition to the reality of possessing dispersed knowledge, the social engineer limits his own knowledge by accepting the notion of collective ends and goals, while simultaneously ignoring or rejecting the possibility of members of society possessing multiple, competing ends and goals. Hayek used this aspect of social engineering to refute centrally planned systems.

In addition to his views pertaining to the limited nature of human knowledge, Hayek also made important contributions to the disciplines of economics and political philosophy with respect to the concept of spontaneity. The precise origin of his views on the concept of spontaneity is often accepted as difficult to "disentangle". However, examining Humboldt's ideas on this subject demonstrates that, much like the case of the nature of human knowledge, Hayek also shared many similar views with Humboldt's concept of spontaneity.

Hayek, much like Humboldt, used the concept of spontaneity to limit state action. More specifically, according to both of them, the achievement of common goals and ends via state intervention represented an obstacle to the achievement of freedom, as well as the spontaneous free development of individuality. Furthermore, Hayek and Humboldt

shared the view that “human progress” and historical developments were not outcomes of deliberate calculations; rather, they were the results of unintended consequences of spontaneous human actions throughout history.

In addition to holding very similar views on the role of spontaneity, Hayek and Humboldt shared the opinion that “historical laws” that require rational calculations are fallible because any deliberations, calculations or predictions about the future outcomes of specific actions are inevitably inaccurate. Both authors maintained that the complex and subjective activities undertaken by individuals, as well as unknown accidental events, had the potential to offset rational conscious regulations. As a result, they rejected the existence of general historical laws and patterns based on the application of rational conscious calculations, which undermine spontaneous individual change. According to Hayek, it is only through the invisible hand that the rules and laws of society can be altered, and progress and civilization are achieved.

I demonstrated that considerable similarities exist between the ideas expressed by Humboldt and Hayek on different aspects and components of freedom, the role of the state, and the development of the institutions of civilisation. To be more precise, Hayek’s version of freedom, much like Humboldt’s conception, relies heavily on the spontaneous forces of society, the radical ignorance of individuals, the limited nature of human knowledge, the rule of law, and limited state action. However, although Hayek and Humboldt’s political philosophies shared many similarities, Hayek’s version excluded a number of factors that Humboldt regarded as crucial for the achievement of freedom, including the notion that human nature possesses multiple aspects and the requirement to establish harmonious relationships within the community. Additionally, Hayek never made mention of anything pertaining to the achievement of the highest self-development or the development of individuality, which are vital components of Humboldt’s idea of freedom; they also featured prominently in Mill’s *On Liberty*. Humboldt highly valued the formation of mutual harmonious relationships and the achievement of the highest self-development because, unlike Hayek, he did not regard human beings as existing in a constant state of competition; instead, he considered their relationships to be of “mutual

improvement of character” and self-development. Hayek’s lack of interest in the achievement of self-development as an important component of freedom represents one of the major flaws in his political philosophy.

Unlike Hayek, Mill placed a high value on Humboldt’s concept of the highest self-development, or the development of individuality. Contrary to Humboldt, however, Mill proposed an active state role in society in order to achieve the development of individuality. He defended state interference to counteract “the harmful effect of industrial capitalism”. He also advocated for state intervention to promote the conditions of freedom including “general public welfare”, virtuous behaviours, and the intellectual and spiritual advancement of citizens. In fact, Mill’s conception of freedom includes both positive and negative freedom; in his view, the achievement of positive freedom requires state intervention to provide opportunities for the development of individuality. To the contrary, Hayek, along with Humboldt, viewed such forms of state interference aimed at achieving positive freedom as obstacles to spontaneity and the achievement of freedom. In fact, in *The Road to Serfdom*, Hayek warned against forms of state interference that involved a series of small, gradual changes, such as those that were applied in many countries following the Great Depression of the 1930s. In other words, according to Hayek, forms of state interference that aim to achieve the collective good by prescribing the ways in which individuals should attain their own happiness, thereby neglecting the role of spontaneity and disregarding individual liberal rights, would lead to coercion and oppression.

Contrary to Mill, Hayek did not believe that economic inequality, natural constraints, accidents, and unfortunate events constituted threats to the achievement of freedom. For him, the elimination of such threats would require a paternalistic state that would treat citizens unequally in the name of achieving equality and justice. Thus, Hayek rejected such forms of state interference that aimed to achieve positive freedom on the grounds that they denied spontaneity, represented forms of coercion, and constituted threats to the achievement of negative freedom. Additionally, in his rejection of positive freedom, he argued that economic and social inequality related to natural constraints,

accidents, and unfortunate events cannot be interpreted as just or unjust. Hayek's rejection of positive liberty is also related to the impossibility of accurately predicting the consequences of individual actions, as well as the limited nature of human knowledge. To be more precise, Hayek saw no reason to defend positive freedom in the sense of "rational self-mastery", self-realization and self-actualization as a components of his own conception of freedom on account of radical human ignorance, changes in the conditions of society, the existence of spontaneous forces, as well as the fact that it is impossible to rationally predict the exact consequences of human actions. Instead, he only supported negative freedom and sought to prevent arbitrary state actions by proposing the rule of law, which basically defines the legitimate role of the state, guarantees spontaneous order, and protects negative freedom.

Hayek strongly opposed state interference, as well as welfare states to achieve conditions of positive freedom, because he believed that they allowed for the concentration of power and had the potential to produce authoritarian and totalitarian states. However, it could be argued that Hayek's opposition to positive freedom is related to the "transformation" that positive freedom underwent in the field of political philosophy. In other words, positive freedom was transformed from being a supporter of limited "political authority" to an authoritarian and oppressive state, much like the explanation that Gray provided (1984), which was explained in detail in the second chapter of this thesis. This transformation of the concept of positive liberty prevented Hayek from attributing any importance to state involvement in achieving the conditions of positive freedom. In fact, Hayek's disregard for positive freedom as a component of his conception of freedom, as well as his notion that a limited state could hold a society together without facing significant social and economic clashes, are debatable.

As explained in chapter two, Hayek's opposition to achieving the conditions of positive freedom via state interference relates to his opposition to the central and deliberate planning of welfare states and totalitarian systems. He argued that central, deliberate planning requires gathering vast amounts of information as well as the uncritical application of the methods of natural science to the social sciences, which he

labelled as scientism. Indeed, he criticized three methods of scientism, namely “objectivism”, “collectivism”, and “historicism”; he focused his critique on refuting the intellectual foundations of all three.

Hayek persistently argued that the particular or subjective knowledge of individuals cannot be treated as objective scientific knowledge to be used as a tool in the scientific methods of social “engineers and planners” for the purpose of achieving teleological ends and goals. He also stated that the models, techniques, and methods of natural science cannot explain, predict, or plan the complex situations and actions of individuals. More precisely, Hayek held the belief that all individuals are unique; thus, their future choices and actions cannot be accurately predicted by the models, techniques, and methods of natural science, because it is not possible to gather all of the information and knowledge about the particular facts and situations that affect their choices. Even though Hayek opposed the power of reason, and the rationalist-objectivist approach, he supported Popper’s application of the methodology of natural science to the social sciences via “piecemeal engineering”, which refers to “the application of scientific method...non-dogmatic method of trial and error” to social sciences.

However, Popper and Hayek’s most pertinent arguments against the three methods of scientism, as described by Hayek, were related to historicist approach. Their views pertaining to historicism and its relationship to totalitarian regimes are very similar. Popper directly attributed the development of the historicist approach and the emergence of the totalitarian regimes of the 20th century to the Hegelian state and Hegel’s political philosophy²⁴⁶, as did Hayek to some extent. Furthermore, Popper and Hayek went so far as to make the claim that Hegel was an enemy of “open societies”.

Contrary to Hayek and Popper’s accusations, I argue that Hegel was not an enemy of the “open society” (or the modern exchange economy); while he recognized the benefits associated with the modern exchange economy in terms of the division of labour,

²⁴⁶ Despite the fact that Popper and Hayek believed that a number of philosophers contributed to the intellectual development of historicism, this thesis only examined the accusations that they directed at Hegel in terms of the development of the historicist approach and the rise of totalitarian regimes in the 20th century.

the differentiation of production, and achieving specialization, he was simultaneously very concerned with the “contingency” of the market system, or the negative outcomes of “open societies”. More specifically, Hegel did not share Hayek’s views of the modern exchange economy, because he understood that the unrestrained growth of profit-oriented businesses and commerce leads to the emergence of an excessively diversified “division of labour”, which could eventually cause an entire “class” to descend into “dependence and distress” and become unable to obtain “physical and intellectual enjoyment”. In other words, contrary to Popper and Hayek, Hegel was conscious that, while the division of labour offered some benefits, it also entailed destructive social consequences such as making people dependent on each other and creating social and economic disparities. He was particularly concerned about “increasing inequalities” and excessive poverty, which prevent individuals from obtaining skills and education, actualizing freedom, and achieving individual self-realization.

Hegel was aware that civil society was not capable of solving the problems associated with the greater division of labour of the modern market economy; as such, he wanted to find solutions to counteract the detrimental social and economic consequences associated with open societies. For example, he proposed some degree of state intervention and regulation over the “freedom of enterprise and trade”, such as “price controls” on necessary goods, “quality controls, protectionist measures on international trade, care for the poor...etc.” (Cristi, 2005, p. 101). Nonetheless, he was opposed to the ideas of welfare and collectivist states, because he regarded them as obstacle to the independence of people that caused them to lose their “honour” and self-respect. He also thought that such solutions would violate the concepts of individual freedom and individual rights. As a result, he suggested resolving the poverty problem through the formation of a police system and the “corporation”, which would protect and guarantee “its members’ interests”, in addition to providing education and training to develop capacities and skills. The corporation was supposed to be compatible with honor, self-respect, and respect for individuality, as its members should be able to earn sufficient incomes without having to rely on begging the state for survival. As a result, they are able to become independent, self-realizing agents and enjoy physical and intellectual

activities (e.g. arts, philosophy, and religion). The primary goal of Hegel's corporation was to protect ethical values and re-establish respect and social standing for the victims of the modern market system.

Hayek was also concerned about the social and economic situation of the poor segment of the population; however, he did not believe that their condition was an outcome of the open society (or the modern exchange economy). For him, poverty is caused by misfortune and the "arbitrariness of external circumstances". Thus, the solutions that Hayek proposed in order to deal with the negative outcomes of "open societies" were completely different than those put forth by Hegel. Specifically, Hegel's solution took honor, respect for individuality, and self-development into consideration; as a result, he proposed remedies that would assist the poor with developing their capacities and skills, and provide them with "the opportunity to work" (Waszek, 2006, p. 34). Meanwhile, Hayek's solution did not take any of Hegel's concerns into consideration, as he proposed a guaranteed minimum income, which Hegel would have rejected on account of his belief that allowing the poor to "receive subsistence directly" without working violates "the feeling of individual independence and honour". In other words, Hegel would perceive a "guaranteed minimum income" as though the state was instructing people "to beg from the public". Therefore, even though Hegel's solution for the negative outcomes of "open societies" would not be achievable, he would still not accept Hayek's solution because it violated individual freedom, honour and self-respect.

The fact that Hegel proposed solutions for some of the negative consequences associated with modern exchange economies did not make him an enemy of "open societies". Furthermore, Hayek and Popper's accusation that Hegelian political philosophy influenced the intellectual foundation of the totalitarian regimes of the 20th century did not make sense, because Hegel would have regarded such regimes as regressions in the movement towards the achievement of self-determination or freedom.

I attribute Popper and Hayek's misinterpretation of Hegel's political philosophy to the fact that they possessed inadequate knowledge of Hegel's academic work. More

specifically, they both failed to recognize the high degree of importance that Hegel placed on striking a balance between state authority and freedom within the social, political and economic arenas. Contrary to what of Popper and Hayek believed, Hegel actually wanted to reconcile freedom with state authority, as he believed that the government and its institutions are necessary in order to maintain the country as an ethical community. However, he was against the state resorting to coercion, violence, or the sacrifice of the individual so as to achieve common goals. Furthermore, Hegel distinguished the state from civil society as a political entity, where individuals achieve their subjective and particular goals by pursuing their individual interests, where state intervention is at a minimum level.

The views of Hegel and Mill are very important in terms of understanding and critiquing the flaws of Hayek's political philosophy, as both thinkers were critical of the modern market economy. They were specifically concerned that the destructive outcomes of the modern market economy would prevent the poor segment of the population from obtaining adequate skills and education, which would preclude them from actualizing freedom and achieving the development of individuality or self-realization. Both Hegel and Mill attempted to provide favourable conditions that would allow for all individuals that comprise the society to actualize freedom and achieve self-realization, though they did so via very different means. However, their efforts to find solutions to the destructive outcomes of "open societies" should not be confused with the notion that they were opposed to the modern exchange economy.

Hayek often stressed the benefits associated with "open societies" while not being overly worried about their destructive outcomes that prevented individuals from actualizing freedom, developing individuality, and achieving self-realization. Contrary to Hayek, Popper was initially concerned with the negative outcomes of "open societies", as he supported some sort of socialist ideals. However, Hayek was able to influence "the direction of Popper's political philosophy" by convincing him that "both socialism and the enthusiasm for scientific planning could undermine liberty" (Hacohen, 2000, p. 450). In the end, Hayek was able to "corrupt his socialism", which eventually resulted in

Popper becoming a liberal (Hacohen, 2000, p. 486). Consequently, both of them were more concerned with identifying and attacking the enemies of “open societies” instead of addressing the significant problems that the modern market economy created in different arenas of contemporary social and political life, which is what Hegel and Mill chose to do in their respective political philosophies.

The current global problems related to the consequences of the modern exchange economy demonstrate that it is necessary to find a solution that respects the dignity and honour of a significant portion of world population by allowing them to achieve freedom, individual self-development, and self-realization. However, past and current experiences have proven that the solutions proposed by welfare and collectivist states have been unable to solve problems related to equality, freedom, and justice, because they caused people to lose their “honour” and self-respect, as well as their freedom. The solution does not lie in the ideas or works of single thinker or in a single discipline, but in combining the views and works of multiple thinkers that span different disciplines across history. Even though the German philosophers who played a significant role in the development of liberalism and welfare states may not appear to be directly relevant to the current state of affairs, they can help us expand our perspective and rethink our problems, concerns and questions pertaining to modern liberalism. Furthermore, a proper understanding of the goals, concerns, and questions of German Idealism and the German Historical School of economics is also relevant to understanding “institutionalism”, “evolutionism”, and “communitarianism”, as these concepts originated from the fundamental ideas and goals of the German Historical School to some extent.

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