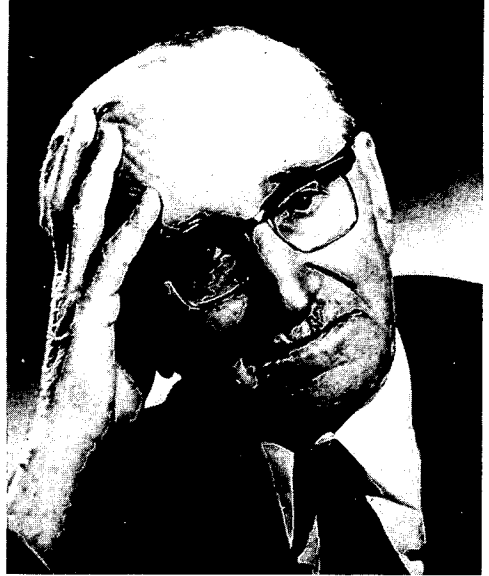


Professor F. A. Hayek's

Australian Visit



No one among the 200 people who attended the I.P.A. Annual Meeting on October 20th will readily forget the standing ovation which greeted Professor Hayek at the conclusion of his Address. This was the spontaneous response of an audience, the members of which sensed themselves to be in the presence of a truly great mind.

Although 77 years of age, Professor Hayek willingly undertook a programme of engagements in his month in Australia which would have taxed the resources of a man in the prime of life. The I.P.A. was privileged to participate in the sponsorship of his visit and in the arrangements for the Victorian end of his programme. But the credit for the visit of Professor Hayek and his wife to Australia must go largely to Mr. Roger Randerson, a Sydney economics consultant, who conceived the project and carried it through with imagination and with painstaking attention to detail.

Professor Hayek is, without question, one of the great minds of the Western world. It is a rare intellectual treat to

hear him speak or to have the opportunity of personal discussion with him.

Hayek, it needs to be said, is very much more than an economist. Indeed, many would judge his most significant contributions to knowledge to be in the field of political science and philosophy. His tremendous work, "The Constitution of Liberty", must rank among the greatest books on liberty ever written. Hayek's eminence as an economist undoubtedly derives, in part, from the exceptional range and depth of his intellectual interests. As he has said himself, "An economist who is only an economist is not a good economist".

Professor Hayek came to Australia at a peculiarly appropriate time. It is clear that this country has reached a grand climacteric, a fateful parting of the ways so far as its political and economic future is concerned. The momentous question is whether, in the years ahead, libertarian values are to prevail, enterprise, both corporate and individual, is to be properly rewarded, and the market is to be allowed to perform its traditional function of allocating the resources of the community in the most effective manner in the interests of all; or whether Government as such is to assume an ever larger role in the distribution of resources and income, in the provision of so-called Welfare and in the general direction of the lives of the people. In short, what is ultimately at stake is the survival of individual freedom.

The threat to freedom in the economic sphere Hayek sees as only part of a wider threat to the whole of our civilisation, to morals, conventions and institutions laboriously evolved, not deliberately planned, over centuries of trial and error.

Professor Hayek must have convinced all people of intellectual detachment, those who have not prostituted themselves before some ideological God, that there is only one possible choice before Australia if it wishes to remain both democratic and efficient; that the increasing reliance on Government, which means increasing demands on Government, must lead to the destruction of true democracy and to economic decay.

As an exponent of the economics of "the market" on the pure scholastic level, Hayek is in the great line of Adam Smith and Alfred Marshall. He demonstrates that the market is the only effective, indeed the only democratic, means by which an economy can be conducted. This had led him to oppose all forms of central planning, the concept of Governments deciding, through deliberate design, the way in which the resources of the community shall be employed.

For the last 30 years the views of Hayek have not been fashionable. The ideas which have prevailed in intellectual circles and in the corridors of power have been a curious marriage of Keynesian and socialist concepts. Through these years, notwithstanding great personal frustration, he has continued to propound a philosophy that has been decidedly unpopular. This has not deterred him. He has insisted that the central Keynesian notion, namely that aggregate demand must always be expanded to absorb the supply of labour at the ruling level of wages must inevitably lead in the end to the cancer of inflation; and that inflation, in turn, will not only fail to preserve full employment but eventually give rise to serious unemployment. The co-existence in most Western economies in recent years of inflation along with unemployment — the condition now known as "stagflation" — has given rise to a renewed interest throughout the world in Professor Hayek's ideas, particularly in intellectual quarters where it is most needed. His award of the Nobel Prize in Economics in 1974 is itself evidence of this changing attitude.

No one would pretend that Professor Hayek is easy reading, even to those in esoteric intellectual circles, let alone to ordinary people. This is, paradoxically, partly because he is concerned to achieve such meticulous accuracy in the expression of his ideas, as well as because of the profundity and subtlety of his thought. His argument moves on a plane which not all can reach and which must be persevered and grappled with if it is to be thoroughly comprehended. (This, after all, has always been true of the path-finding contributions to knowledge). But those who are prepared — and at least all economists and political scientists should be — to

make the attempt will be richly rewarded. They will quickly come to recognise how much is superficial, indeed one might say trivial, in many of the concepts and notions that have hitherto ruled their thinking. Furthermore they will have embarked on an enthralling adventure of the mind.

Hayek today, and especially today, is indeed essential study for all those concerned to understand the world of the final quarter of the 20th Century. They will come to see, and with deep alarm, that the real threat to our Western civilization is inherent in many of our prevailing values and commonly accepted ideas.

Perhaps Hayek's central notion is that the source of most of our contemporary error lies in the widespread belief that the solution of all problems lies in the application of the methods appropriate to the physical sciences to human affairs — to economics, for instance — a field where these methods are not applicable and where they can do immense harm.

Professor Hayek has left us much to ponder upon. It is to be hoped that Australia, and especially its educational institutions, will not lightly disregard the ideas of this great man, but give to them the thought and study they deserve. As a contribution towards the fulfilment of that hope we have called this "Review" "The F. A. Hayek Issue" and, through the publication of two of the many papers he gave in Australia, have devoted the number largely to him. This is the least we can do.