

Address at the 33rd Annual Meeting of The Institute of Public Affairs

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Professor Hayek's address was delivered ex tempore. The following is a transcript of a tape made of the address. Although the recording was imperfect we believe this is a substantially accurate representation of Professor Hayek's speech.

It is indeed a great and unexpected pleasure that I should have the opportunity in person to meet a body which many years ago played a considerable role in the development of my writings. It is just a little over 26 years ago that I received an invitation to contribute an article to your Review. I wrote up for that purpose, which otherwise I would never have done, a diagnosis of the then existing situation under the title, which may sound to you surprisingly topical today, "Full Employment, Planning and Inflation". I have, because of this article, a perhaps undeserved reputation for considerable foresight because, to my great regret, things have gone very much the way that I then feared they would go.

I will, to give you an idea, read out the sentence with which the article concludes. You may agree that this sentence is not a bad account of the manner in which policies have developed.

"But it must appear more than doubtful whether, in the nature of democratic institutions, it is possible that democratic governments will ever learn to exercise that restraint, which is the essence of

economic wisdom, of not using palliatives for present evils which not only create worse problems later but also constantly restrict the freedom of further action".

I think this is essentially what we have seen happen.

I was very pleased by the invitation to address your Annual Meeting because it has given me an opportunity to talk about the problems which most concern me at the moment. They are not of a topical character but entail some philosophic examination of the trends of human institutions.

I have come to the conclusion that one of the greatest dangers to our civilisation is what I have called "the destruction of values by scientific error". I believe that this manifests itself in the fact that people believe that, by deliberate and conscious design, we can always and everywhere improve on developed institutions. It is an attitude which in my earlier writings I described as "rationalism", but that was a very misleading expression. The term "rationalism", which could be taken to mean the best possible use of human reason, also covers so many different

philosophical and moral traditions that only the lack of a better term would justify its use.

I now come to what I think is a better term, although it has its drawbacks because many people like the word as a term of praise, "constructivism". By "constructivism" I mean not the sensible and justified use of design of plant and machinery and so on, not just inventiveness, but the belief that everything which has been *deliberately* designed and created by the human mind is mostly better than what we have unconsciously developed without quite understanding it. Now the fact is, of course, that we owe the growth of civilisation, most of our successes, to a very large extent to the institutions and practices and habits which nobody has ever invented and which nobody understands how they work. All our morals, all our conventions, many of our institutions, owe their origin not to design but to a gradual evolution and to the survival of what, since Darwin, we call the more fit against the less fit. These products of a long process of evolution still serve us without our understanding how they function and what we owe to them.

Now that is frequently intolerable to a certain type of mind, which believes that the only thing which can be good, is what has been consciously and deliberately designed by man. These people want to free us of all the inheritance of what they regard as irrational, perhaps superstition, because they have not been designed, or have not been invented. That is the cause of what I have, in my opening remarks, called the destruction of values by scientific error.

The destruction of values goes on in much of our activities. But in most of the circumstances which secure the smooth functioning of society we achieve

a degree of order only because we are guided and are observing certain values the rationale of which we do not know. Nor do we really know the extent of the benefits we derive from them. These values still serve to guide us. Without them we would never have been able to build up a modern civilised society. An example of the opposition to these inherited values, which I personally encountered, came from one of the most famous teachers of economics at Columbia University. He argued that since the human mind has built up civilisation we can therefore always change it to our convenience. We can always reorganise things, he claimed, so that we can make them better. This view made a great impression on me at the time although I immediately developed doubts because I had the great advantage of developing my ideas under the influence of a tradition which stressed the fact that most human institutions were the result of a gradual growth, that they serve us without our quite understanding how, and that we had to discover the service they render us before we could sensibly deal with them. I find that this is a most widespread phenomenon extending from law to economics, to morals, to education and to a great many other things.

I can illustrate the destruction of our inherited values by scientific error by selecting examples from three fields.

The first one in which I encountered this tendency was the firm belief that deliberate planning of all economic activity, because it made fuller use of reason, would produce better and more satisfactory results than the chaos of competition, or, as it was called, the accidental interplay of market forces. Now, economic analysis shows, of course, that, in fact, the apparently undirected and irrational system of the market is a highly

sensitive instrument of recording and conveying information which initially is dispersed among hundreds of thousands of people, that prices are symbols which guide us and in them are reflected facts which nobody knows as a whole, indeed all the facts known by all the people who are interested in the particular circumstances. We have, without ever understanding it, developed in this way a marvellous system of recording information which only those who have come to understand it can defend and explain, but which to the typical designing mind, which does not approve of anything which is not the product of constructive human reason, seems not to be so. We economists were accused of pretending to some miracle, a harmony of interests, where in fact what happened is that over hundreds of thousands of years forms of human intercourse survived in competition with other forms, those groups succeeded which had tentatively, without quite understanding why, adopted habits and institutions which work better than others.

I may just insert here that I am not deriving my ideas from Darwin. It was really the other way round. Darwin got his idea of natural selection from the earlier development of the historical schools in language and law which had found out that the most complex and efficient structures in society had not been invented by anyone but had been the result of a gradual process of evolution.

Now here we have one field, the economic, in which the severely "scientific" approach has led very intelligent men to fight institutions and arrangements that in fact enabled us to achieve things which we could otherwise never have achieved but which you can only defend if you investigate them very closely. The history

of economic thought is still a short history comparatively. It is only in the last hundred years or so that we have begun to understand this guiding function of the market order, and I am afraid very few people have yet come to understand it.

Another example that I can give in the short time at my disposal is a similar development in law. The legal historians understand very well that legal systems have not been created by designing minds who conceive in advance all the effects of particular laws, but by a process of selective evolution, and that there was hidden in them, the effects of past tests and experiments which were embodied in the resulting institutions. Legal positivism argues that there is no inherent wisdom in the law, that there is no more wisdom than the legislator has deliberately put into it. The founder of this whole tradition, indeed the founder of this whole modern fashion of "constructivism", the great philosopher Descartes, argued that if you want good laws destroy those you have and institute new ones.

I became most concerned about all this when I discovered the same tendency was also playing a great role in the very sensitive field of social life, that of psychology and education, that there the psychiatrists and psychologists were tending to develop the conception that all moral traditions, all these intuitive beliefs and ways which we have developed, are just ridiculous superstition and that we could construct a better system of morals than that which we have. I am not exaggerating. I will give you an example which finally convinced me that this whole tendency needs careful examination.

I must first say a few words about the person of the author I shall quote, lest it be suspected that in order to exaggerate I have chosen some unrepresentative

figure. The international reputation of the Canadian scientist, the late Brock Chisholm, is illustrated by the fact that he had been entrusted with building up the World Health Organisation, acted for five years as its first Secretary-General, and was finally selected President of the World Federation of Mental Health. Just before he embarked on this international career he wrote:

"The reinterpretation and eventual eradication of the concept of right and wrong which has been the basis of child training, the substitution of intelligent and rational thinking for faith in the certainties of the old people, these are the belated objectives of practically all effective psychotherapy The suggestion that we should stop teaching children moralities and right and wrong and instead protect their original intellectual integrity has of course to be met by an outcry of heretic or iconoclast, such as was raised against Galileo for finding another planet, and against the truth of evolution, and against Christ's interpretation of the Hebrew Gods, and against any attempt to change the mistaken old ways and ideas. The pretence is made, as it has been made in relation to the finding of any extension of truth, that to do away with right and wrong would produce uncivilised people, immorality, lawlessness and social chaos. The fact is that most psychiatrists and psychologists and many other respectable people have escaped from these moral chains and are able to observe and think freely If the race is to be freed from its crippling burden of good and evil it must be psychiatrists who take the original responsibility. This is a challenge which must be met With the other human sciences, psychiatry must now decide what is to be the immediate future of the human race. No one else can. And this is the prime responsibility of psychiatry".

It never seemed to occur to Chisholm that the rules of morals do not directly serve the satisfaction of individual wishes, but that they are required to assist the

functioning of an order; and even to tame some instincts, which man has inherited from his life in small groups where he passed most of his evolution. It may well be that the incorrigible barbarian in our midst resents these restraints. But are psychiatrists really the competent authorities to give us a new system of morals?

Chisholm finally expresses the hope that two or three million trained psychiatrists, with the assistance of appropriate salesmanship — these are his own words — will soon succeed in freeing man from the "perverse" concept of right and wrong. It sometimes seems as if they have already had too much success in this direction.

I have quoted this rather alarming and shocking instance to make you aware how far this tendency I call "constructivism", which believes it can make everything anew, has gone, how far what I initially called the destruction of values by scientific error is actually proceeding.

It is a question of scientific error. It is a false interpretation both of the origin and the rule of institutions of law, of morals, and indeed everything, but it is increasingly governing the thinking of the great majority, the thinking in particular of those second-hand dealers in ideas whom I like to call "the intellectuals".

It is a grave danger indeed. We must become aware that the particular threats which we encounter in the field which concerns us most, that is in economic policy, is really part of a much wider threat to our civilisation overall. It is a tendency which, I believe, threatens to destroy the foundations of our civilisation, not only its amenities but also its moral fabric.