



In honor of F. A. Hayek

by James M. Voytko

F.A. Hayek's seminal book *The Road to Serfdom*, published sixty years ago, still rings true. Hayek lived amidst the rise of modern totalitarianism: Communism, National Socialism and National Fascism. The immense evil that these ideologies wrought when harnessed to the coercive engines of government drove intellectuals from many disciplines to try to answer the question: Why? Why Stalinism? Why Hitlerism? These questions may seem from a distant time, but to Hayek and many others in 1944, when *The Road to Serfdom* was first published, it was a fresh and painful concern.

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Hayek saw more than evil men assuming power, he saw a pattern, a process, a connection between the collective ambitions of Communism and National Socialism and the inescapable need to harness collective power—that is government power—over individual liberty to achieve these ambitions. This pattern, process and connection transcended his era and his own particular observations.

Hayek's most lasting contribution to economics was the understanding that free markets and free prices are a means to convey and exploit information. In any society, the central economic challenge is the same: how best to organize



Dinner attendees gather around James M. Voytko after his March 12 commemorative presentation, “The Good Intentions Crusades and Their Consequences,” hosted by Cascade.

production and employ available resources to satisfy the needs and desires of millions of different people.

Many of Hayek's contemporaries believed the best way forward was through central government planning. They sought to direct resources to government-determined socially useful areas and avoid the chronic instability of capitalism. Hayek knew differently. Centralized systems may look attractive on paper, he argued, but they suffer from a basic and incurable ailment: the *division of knowledge* problem.

To know where resources should be directed, the central planner needs to know both what goods and services people want to buy and how to produce them at a low cost. But this knowledge is held in the minds of individual consumers and businessmen, not in the filing cabinets (or, later, computers) of a government-planning agency. The only practical way for customers and firms to share knowledge, Hayek advanced, is through a system of freely determined prices. For that reason, and many others, we celebrate his book that above all spelled out the inescapable connection between the impulse to use the power of government and the inevitable erosion of individual liberty and personal choice.

Noble ends were and are generally extolled by those who embrace government power. However, when government power is exercised to achieve those noble ends, at the expense of individual liberty, the promised gains are undermined.

We have too often confused the goals of the good intentions crusades with their actual outcomes: the dreaded unintended consequences of government action. Thus, we have confused the moral value of taking individual action to do “good” with urging government to compel others to do “good.” There is yet more confusion when it comes to the good intentions crusades: specifically, the denigration of the value produced by private action.

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In our minds, hearts and cultural values, we have allowed the enormous value coming from millions of personal choices and private actions taken in the world of private commerce to be marginalized, denigrated—even vilified. How often do we celebrate and honor the work of ordinary businessmen and women who labor to build successful businesses—the very organizations with profitable operations that allow us the opportunity to pay our mortgages, make our car payments, feed our families and, above all of course, pay our taxes?

Oregon may be for dreamers, as the current slogan goes, but the economic health of its citizens, as with the citizens of all societies, will always be in the hands of the doers. Yet does the prevailing culture any longer hold doers, the achievers in the world of private initiative in very high regard?

Sixty years ago, Hayek warned of “the deliberate disparagement of all activities involving economic risk and the moral opprobrium cast on the gains which make the risks worth taking but which only a few can win.” Such an attitude over time inevitably leads to a cultural and political environment that permits the crusaders, who seek to supplant private choice with government prescriptions, to categorically dismiss the contribution that private initiative makes to us all. Further, the crusaders demonize those of achievement in the world of private enterprise and free markets—and do so unchallenged and with a straight face on the evening news!

If our society and its cultural scribes (the authors, journalists and moviemakers) were neutral, or at least ambivalent toward those who succeed in the world of private initiative, wouldn't one expect to see as many books, ar-

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titles and movies extolling their attributes and achievements and their value to society as those that vilify them? How many movies have you seen lately that depict a successful businessperson in a positive light, whose achievements cast benefits well beyond their own pocketbook?

Hayek said it well when he wrote in *The Road to Serfdom*, “The younger generation of today has grown up in a world in which in school and press the spirit of commercial enterprise has been represented as disreputable and the making of profit as immoral, where to *employ* a hundred people is represented as exploitation but to *command* the same number as honorable.” Hayek

wrote these words over 60 years ago. Yet, to you and me, to Phil Knight and Michael Powell and Bill Gates, to the businessmen and women of today, to their managers and to their employees who believe they do honorable work, Hayek's words sound quite fresh don't they?

James M. Voytko is the former executive director of the Oregon Public Employees Retirement System. The above essay is adapted from his March 12 Cascade evening presentation, “The Good Intentions Crusades and Their Consequences.” This address commemorated the 60th publishing anniversary of *The Road to Serfdom* by Nobel Prize-winning economist Friedrich A. Hayek.

This article was originally published in the Spring 2004 Cascade Update.

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