

What can the left learn from Friedrich Hayek?

An engagement with Hayek does not mean a capitulation to the market, writes [Simon Griffiths](#). Instead it can provide several sophisticated insights for the contemporary left, in particular on knowledge, the spontaneous order, and freedom. The left's discovery of Hayek is also significant as an example of how ideologies, such as socialism or liberalism, can be transformed over time.



In an article published at the height of the 'Occupy' protests against inequality, a group of activists [wrote](#) in the *Financial Times* that, "Fans of Friedrich von Hayek may be surprised to learn that the Austrian economist is the talk of Occupy London". Hayek's work, it was claimed, could inform a left-wing critique of capitalism. Judging by the comments below the story, *FT* readers were not impressed. Friedrich Hayek, whose life spanned the twentieth century, was perhaps the most significant 'neoliberal' philosopher and economist. He gained fame, as well as notoriety, as a vehement opponent of socialism and advocate for the market. By the 1970s Hayek had become an important influence on senior figures in Margaret Thatcher's Conservative Party in the UK. What can we make of these seemingly contradictory interpretations?

The Occupy movement's discovery of Hayek is part of a wider engagement by the left with their old adversary in recent years. The political economist Andrew Gamble argued that Hayek was an ideologue, whose work was limited by a self-imposed 'ideological closure', which meant that he failed to develop those insights in his work that did not fit with his particular blend of free-market conservatism. Drawing on the work of Gamble and others, [I argue](#) that an engagement with Hayek does not mean a capitulation to the market; instead it can provide several sophisticated insights for the contemporary left, in particular on knowledge, the spontaneous order, and freedom. The left's discovery of Hayek is also significant as an example of how ideologies, such as socialism or liberalism, can be transformed over time.

An engaging enemy

The first insight Hayek offers the left is over the limits of knowledge. Socialism, which Hayek understood largely as central economic planning, requires planners to make use of information which, because it exists in our heads only fleetingly and is never fully articulated, simply cannot be collected. For Hayek, only the market can make use of this diffused knowledge: state planning is bound to fail. However, for some on the left, Hayek's account of knowledge has very different implications. For example, Hilary Wainwright, the founding editor of the 'red-green' magazine *Red Pepper*, largely accepts Hayek's claims that knowledge is dispersed and cannot be centralised, but she argues that Hayek mistakenly treats knowledge as 'an individual attribute, rather than as a social product'. Understood socially, knowledge can be shared by people taking action to overcome the limits of their individual perspectives. Wainwright's work is full of examples of organisations – trade unions, women's groups and co-ops – that have come together to pool knowledge in order to solve collective problems that cannot be solved by the market or by remote bureaucrats. Hayek's argument over the dispersed nature of knowledge can be used to support a form of radical social movement politics, not simply a scepticism about socialist planning.

A second insight that Hayek offers the left is over the idea of 'the spontaneous order'. This is the idea that some 'orders' emerge 'as a result of human action, but not of human design': language, common law, morality and markets are all examples. To Hayek, The state's role should be largely limited to protecting the spontaneous orders on which civilization is based. Hayek's argument here is deeply conservative and supports a limited role for the state. Yet, for some writers on the left, the idea of the spontaneous order provides quite different insights and implications. To Gamble, for example, although there are times when made orders are superior to spontaneous ones, considering both is important to ensure that government tackles the problems it faces effectively. As Hayek argued, the state cannot claim any special expertise, based on the knowledge of the central planner, to impose its own designs. However, those at the centre could set the framework and help point institutions in particular directions. For Gamble, the idea of spontaneous order results in the state taking a more

experimental approach, using trial and error to establish new types of organisation that disperse power as widely as possible in order to make the most efficient use of the knowledge that these orders contain. Cultivating spontaneous orders can be as important in the growth of a good society as building new ones.

A third insight for the left can be derived from Hayek's views on freedom. Hayek famously linked freedom to the market – an argument which gained electoral appeal under Thatcher. Drawing on these debates the 'market-socialist' David Miller largely accepted that markets provide a structure within which free choices can be made. Markets, Miller argues, allow greater freedom of choice over purchases; when and where to work; and freedom of expression. For some on the left, however, while Hayek was right about the importance of these freedoms, his views are incomplete because he never explained why freedom is valuable to us. This must be because of our desire to act autonomously. In order to do this, we need certain resources – food, shelter, and education, for example. The state is crucial in providing these. Market freedoms are important, but so is the autonomy needed to pursue them. Hayek's argument for freedom can end, not simply with a case for the free market, but with an account of those resources needed to make freedom valuable to us.

The engagement with Hayek in recent decades is significant: it is part of a wider transformation of the left and a rejection of those forms of socialism that were dominant in the twentieth century. Gamble and Wainwright, among others, eschew earlier Fabian socialism, notoriously summarised in Douglas Jay's comment in *The Socialist Case* that, at times, 'the gentleman in Whitehall really does know better what is good for people than the people know themselves'. Gamble's acceptance of the importance of spontaneous orders, for example, is closer to left-of-centre 'new liberal' understandings of the state – associated with JA Hobson and Leonard Hobhouse in the early twentieth century – than it is to that found in most twentieth century socialism. Similarly, Hilary Wainwright's account of knowledge leads to an argument that has a lot in common with early twentieth century socialist pluralists, such as GDH Cole or Harold Laski. The left's appropriation of aspects of Hayek's work is one example of how social democracy is now more porous, likely to incorporate elements of other ideologies – such as feminism, pluralism, anarchism or liberalism – and less likely to feature the paternalist elements of its Fabian past. The engagement with Hayek provides an example of how ideologies change with the times, incorporating new or neglected elements, and jettisoning others.

Hayek today

In contemporary political debate, an engagement with Hayek should not mean that the left must embrace the market unthinkingly. Indeed, the overreliance on the market left Labour vulnerable when the economy worsened in 2007/08 and demonstrated the limits of this strategy. However, a careful engagement with Hayek has provided the left with insights that have informed its thinking across the spectrum, from the radicals of the Occupy movement to centrist social democrats. As Gamble argued, 'it is perfectly possible to derive a social-democratic or social-liberal Hayekian program that is true to the basic principles Hayek enunciated'. With a general election coming up, a careful engagement with Hayek could provide Labour with the tools to reject the much-derided 'all-knowing' Fabian state. It could be used to inform a left that is more open to, amongst other things, individual liberty, devolution of power to groups and citizens, support for ways to share local knowledge, co-production, and citizen empowerment. Freed from his own ideological blinkers, Hayek has much to offer the contemporary left.

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