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# INDIVIDUALISM AND ECONOMIC ORDER. By Frederich A. Hayek. Chicago. University of Chicago Press, 1948

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INDIVIDUALISM AND ECONOMIC ORDER. By Frederich A. Hayek. Chicago. University of Chicago Press, 1948. Pp. 401. \$5.00.

OF late there has been much talk, some of it practical, most of it insufferably bad, on what to do with the economically sick countries of Europe. Frederich Hayek's latest book, *Individualism and Economic Order*, exemplifies some of the practical talk.

Australian born Mr. Hayek, also author of *Road to Serfdom*, has published his latest work as a series of essays on the triumph of economic liberalism. This would seem no mean task in these days of planners and stabilizers, but Hayek handles it with commendable agility. And it is fashionable to be a planner. In this country and everywhere else there is a step by step campaign for controlled prices, controlled wages, and controlled living. Hayek's thesis illustrates well the ease with which such a program can weaken a healthy economy. The planners show us charts, diagrams, graphs—all picturesquely reveal that there is plenty of butter or plenty of money or plenty of whatever there should be plenty of. The only trouble is that the charts do not work; they invariably start from the wrong premise (i.e., that there is plenty of money) and reach the wrong result, meaning that all of us, as taxpayers, must sooner or later pay for the party.

Arguing in the alternative for a free price system, Hayek's tenet is to leave the age old law of supply and demand alone; don't bother the bride with nonsense talk about a "planned economy."

"I am convinced," says Hayek, "that if it (the free price system) were the result of deliberate *human* design . . . this mechanism would have been acclaimed as one of the greatest triumphs of the human mind."

There is nothing, asserts Hayek, like a *free* market at work without interference by a government bureau or some other equally stupid, expensive, and time consuming agency. This would indeed be true economic liberalism. But the author is by no means lulled into believing that such a condition exists in the United States, let alone the rest of the world. ("We are certainly as far from capitalism in its true form as we are from any system of central planning. The world today is just interventionist chaos.")

This apparently pessimistic set of conditions, however, in no way precludes an *argument* for a free price system. And Hayek presents that argument in a sound form. The concrete example of Western Germany's rapid recovery hard on the heels of the termination of wage and price controls furnishes one of the best arguments for Hayek's beliefs. Had a socialized economy continued to operate, that part of Germany might well still be wallowing in the mire of economic chaos.

The continual injections of E.R.P. money into the foreign arm reminds one of the late Roosevelt's pouring of dollar upon dollar into the Grain States

in the thirties, of Henry Wallace's periodic farmer checks for not raising hogs. Aid to Europe, yes, but let the time tested law of supply and demand furnish the incentive rather than the money of the American taxpayer.

The casual reader will not find Hayek's book much to his liking, for it is written in a scholarly and intense vein. It must be read with a pencil. But it is worth the trouble many times over.

BENJAMIN SEIDLITZ

NEW YORK

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