v. 3, n. 19, 2023

International Journal of Human Sciences Research

FROM THE ROAD TO SERFDOM TO THE PROFESSION OF FAITH: AN ANALYSIS OF THE WORK OF FRIEDRICH VON HAYEK AND THE EMERGENCE OF NEOLIBERALISM

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Abstract: Neoliberalism as a theoretical current emerged from the effort of thinkers such as Ludwing von Mises (1881-1973), Karl Popper (1902-1994) and Friedrich von Hayek (1899-1992) to regain the centrality of the precepts of classical liberalism in an attempt to refound. In this sense, Hayek's work "Do Caminho da Servidão" published in 1944 obtains the status of founding work of this movement. Adopting this premise, we will dedicate the main objective of this work to analyzing the work "Do Caminho da Servidão", seeking to identify the founding doctrinal elements of neoliberalism, dedicating special attention to the conceptions of State, individual and market present in Hayek's thought and precursors of an entire doctrine.
Keywords: Neoliberalism. Freidrich Hayek. Liberalism. State.

INTRODUCTION

The contemporary society in which we live has been marked by profound transformations in all aspects of human life. A complex and extensive network of elements and factors take part in this process of transformation, mutation and transmutation of the modern individual. Taking due proportions within a more complex whole, a coercive and modeling aspect stands out, the element called neoliberalism.

Neoliberalism will take on modern society such proportions and such a profound realization that it will drastically mark its separation from its predecessor, classical liberalism, in terms of influence and dominance, not only in the theoretical field, but primarily in the practical one. His ideas were converted into concrete action and began to guide not only the economic and political aspects, but also the social and cultural aspects of individuals and society. For David Harvey (2008):

> In short, neoliberalism became hegemonic as a mode of discourse and began to affect modes of thought so widely that it became incorporated into the everyday ways many people interpret, live and understand the world. (p.3)

Its widespread dissemination and effectiveness made it cross the field of intended theory and walk indiscriminately towards a naturalization of its discourses and assumptions. More than that, its evolution led to a process that went beyond simple consensus, transfiguring itself into common sense, introjecting itself into the very subjectivity of modern man.

As a result of this process of theory aimed at a crystallization in common sense, the possibility of criticism is undoubtedly in many respects impossible. It is therefore necessary to take as a starting point and inflection the understanding of what is the theoretical basis that sustains neoliberalism, and how its intellectual and political foundation was historically given.

As David Harvey (2008) shows us, neoliberalism presents two moments in its process of consolidation as an economic policy, either ideological or later rational. The first moment begins in the post-war period of the 1940s, it is the theoretical foundation phase, a period in which a resumption of classical liberal principles was sought, moving towards an intellectual refoundation of liberalism. The threats of socialism, planning and state centralization were the catalysts for this process of resumption of liberalism. This phase is marked, therefore, by an effort to rescue the foundations of liberalism, which in its time did not see its application in reality, this phase was relegated only to the academic environment, and for a long time it was divergent and dissonant thinking.

The second moment begins in the 1970s, and is characterized by the transposition of neoliberalism from the universe of ideas to its implementation as a government policy. The

crisis of the Keynesian Welfare State model at the end of the 1970s opened space for a new configuration of the economy and rationality of governance, finding in the governments of Ronald Reagan in the United States and Margareth Thatcher in Great Britain the great exponents of this new step. This process will be followed by a whole process of neoliberalization that will bring about profound changes in modern society.

The implementation phase of neoliberalism will take place based on basic principles and assumptions elaborated by thinkers who sought to regain the centrality of liberalism, who would finally see their ideals triumph and move from dissonant theory to hegemonic practice. That said, and in view of the various possibilities of analysis that neoliberalism entails as a result of its multifaceted characteristic, we will choose as the focal point of this work the thought of Friedrich Von Hayek through his work "Caminho da Servidão" (2010) published for the first time in 1944, given its real and symbolic importance as a founding work of what would come to be called neoliberalism.

It is necessary to consider that an author's thought is not limited or ends in a single work, and that the use of it in a hasty way can produce misunderstandings and dissonances. However, apprehending this work for its historical importance, and recognizing in its arguments all the elements that constitute the ideological and political economic body of this theory, it is without prejudice that we will use it in our analysis.

Hayek (2010) in "The Road to Serfdom" launches a fervent cry of warning against the imminent danger that socialism looms at the door of England, which with its state centralization, and its planning, would inevitably lead to the loss of individual freedom and consequently to totalitarianism and serfdom. His work serves as a warning, but at the same time as an antidote, and in its pages he will bring a series of elements such as the role of the State, the importance of free trade, competition as a master regulator, and individual freedom – some elements that constitute the holy grail of neoliberalism. Analyzing some of these elements that became constitutive of neoliberalism is the objective of this work.

HAYEK AND THE WAY

Before entering into the analysis of the work, it is worth raising a small history of who Friedrich Von Hayek was and the importance of his work "The Path of Servitude" (2010). This question arises mainly because of the need to think about how the process of consolidation of this thinker and this work in particular as centralizing neoliberal thought in Western society took place.

Friedrich August von Hayek was born in Vienna, Austria in 1899, his education according to Perry Anderson (2012) was ``Absolutely secular, positively liberal, free from any supersensible temptation´´ (p.329) and had Ludwig as his great intellectual mentor. von Mises (1881-1973). Mises, also of Austrian descent, was a staunch defender of the unfeasibility of the socialist economy, and a great supporter of the model of capitalism based on the free market, elements that were readily incorporated by Hayek.

In his career, already as a professor, Friedrich Hayek settled in 1931 at the London School of Economics, then in 1950 he left for Chicago, the great mecca of the neoliberal movement. His arrival in Chicago marks an important dividing point in his research, for Perry Anderson (2012):

> In Chicago, Hayek abandoned more technical economic work in favor of developing a social and political theory that, over time, became the most complete and ambitious synthesis to emerge from the ranks of the postwar right. (p.330)

This displacement of Hayek's thought from the field of political economic sciences to the development of a theory that wants to be social and political is one of the fundamental points for neoliberalism, we will return to this thought, but later.

In 1944, still at the end of World War II, in Cambridge, England, Hayek produced his warning cry against socialism. With an already suggestive and forceful statement, he called for the imminent danger of the intervening state model, which would lead to the end of individual freedoms. As Hayek (2010) already presents in his preface to his work "The book was written in England during the war and was intended almost exclusively for the English public" (2010, p.11). as a result of the political scenario experienced by England for Hayek (2010) the nation was on the way to serfdom and totalitarianism.

Therefore, this work had a very well-established primary objective, as Perry Anderson presents us "Hayek's immediate target, at that moment, was the English Labor Party, on the eve of the 1945 general election in England, which this party would effectively win" (2000, p.9). However, despite its orientation to the English reality, this work took on grandiose proportions, having its ideas transplanted to other realities and reaffirming its centrality in this process of foundation or better refoundation of liberalism. If in the origins of neoliberalism Hayek's work "The Road to Serfdom" (2010) is central, in the founding event of this same movement Hayek also took part, even if at this moment together with other thinkers of equal scope.

FROM CLASSIC LIBERALISM TO NEOLIBERALISM

This event I am referring to took place three years after the publication of Hayek's work, in Switzerland at a SPA called Mont Pélerin, bringing together notable names such as Ludwig von Mises, Milton Friedman, Karl Popper, in addition to Hayek himself. At that moment, they intended to lay the foundations for the defense of freedom and the market, and the fight against all types of State intervention. At that event the Mont Pelerin Society was formed and historically established the foundation point of neoliberalism.

This movement of the Mont Pélerin Society had as its main objective to resume the importance of the thought of classical liberalism in the face of the eminent threats of socialism. To achieve this end, one of the crucial points that was highlighted was the preparation of a balance of classical liberalism in the 19th century, seeking to establish, both in historical and ideological aspects, where and how liberalism lost its strength, and was relegated to secondary theory.

Hayek (2010) in this perspective of reflection on liberalism and its loss of strength, presents an explanation of the possible reason for this change of perspective from liberalism to what he will call socialism. For the author "Perhaps nothing has been more harmful to the liberal cause than the obstinate insistence of some liberals on certain primitive rules, above all the principle of laissez-faire" (HAYEK, 2010, p.42). But the author continues his reflection showing that liberalism succumbed to a change of perspective, largely because of its real possibilities of structuring in the face of the evolution of society. So he claims that:

> Liberalism came to be considered a ``negative" philosophy because it could not offer each individual more than a share in common progress - progress increasingly seen as inevitable and no longer seen as arising from the politics of liberty. It could even be said that the very success of liberalism became the cause of its decline. Due to the success already achieved, man became less and less willing to tolerate the evils that still existed, which at that time seemed unbearable. (HAYEK, 2010, p.44)

Hayek (2010) still continues to reaffirm the idea that liberalism, with its achievements, was partly responsible for its own abandonment. Showing a clear defense of liberal ideas.

> The growing impatience with the slow progress of liberal policy, the just irritation with those who used liberal phraseology in defense of antisocial privileges, and the limitless ambition apparently justified by the material improvement already achieved meant that, as the end of the century, belief in the basic principles of liberalism was gradually abandoned. Everything that had been conquered came to be considered a stable, indestructible and definitive asset. (HAYEK, 2010, p.44)

In the search for the inflection points of classical liberalism, therefore, a process of intellectual and theoretical refoundation was heading, towards a transmutation into something new, but still rooted in the liberal tradition. The new threats demanded an update of liberal thought, in a process that was both rescue and reformulation.

The so-called neoliberalism will keep with classic liberalism clear similarities in universal points such as the defense of freedom, the need to reduce the power of the State, as well as the supremacy of the market. Which will lead the liberal author Norberto Bobbio (2000), taking Hayek's thought as a synthesis to affirm:

> [...] Von Hayek's thought, expounded in numerous works that may well be considered as the summa of contemporary liberal doctrine, represents a remarkable confirmation of what was the original core of classical liberalism: a theory of the limits of the power of the State, derived from the presupposition of rights or interests of the individual, preceding the formation of political power, among which the right of individual property cannot be absent. (BOBBIO, 2000, p.88-89)

These statements by Bobbio reveal two important elements for our reflection, firstly, it confirms the centralizing role of Friedrich Hayek in this process of refoundation of liberalism towards neoliberalism, and secondly because it reaffirms an original link from the first moment of classical liberalism to neoliberalism.

And here is a small deviation from our reflective course to analyze to what extent the first, classical liberalism will reflect neoliberalism in the second and to what extent the correspondence is direct, or mere allusion ad argumentandum tantum.

Neoliberalism as a theory has in the wake of its constitution the universal concepts of classical liberalism, fundamentally the concept of individual freedom. "The founding figures of neoliberal thought considered the political ideals of human dignity and individual freedom fundamental, taking them as central values of civilization" (HARVEY, 2008, p.15).

However, as Leda Maria Paulani (2005) shows us, neoliberalism marked a significant break with classical liberalism, moving from a defender of universal ideas to a prescription, which in many respects constrained the very notion of individual freedom and universal rights.

> Here appears the first of its differences that distinguish the original neoliberalism: less than a political, philosophical and or moral doctrine, neoliberalism is constrained to present itself fundamentally as a recipe for economic policy (openness, minimal state, deregulation, etc.), disregarding, to that extent some of the noble universal values that first gave rise to it. (PAULANI, 2005, p.124)

The second difference that will distinguish neoliberalism from the original liberalism announced by Paulani (2005) will be discussed later. David Harvey (2008) goes further in this discussion stating that neoliberalization in its defense of market freedom, as the guarantee of individual freedoms in a direct correspondence inevitably produces the opposite where individual freedoms are

constrained and suppressed by the free market, constituting a insurmountable contradiction with its own epistemological bases.

STATE, INDIVIDUAL AND MARKET

One of the pillars that support neoliberalism is the defense of reducing the State's sphere of power to a stage where it is only used to guarantee the administrative and regulatory legal means of private properties without interfering with individual freedoms. As Harvey (2008) states "According to theory the neoliberal state must favor strong individual rights to private property, the rule of law and the institutions of free functioning markets and free trade". (p.75).

It is no coincidence that the initial premise of "The Road to Serfdom" concerns the limits of the State. The alert that Hayek (2010) produces is that the central control of the State, as well as any modality of market regulation, will inevitably lead to the loss of individual freedoms, and more seriously than that, to totalitarianism. Hayek (2010) goes to great lengths to argue that state intervention in the market, and this model, which presupposes planning for the attainment of appropriate ends, which in this case would be social ends, would lead, as it did in Germany, to fascism, and other forms of totalitarianism.

Combating planning becomes one of the crucial points, Hayek will present the meaning of planning as any state intervention action in pursuit of the ideal of wealth distribution. Speaking about every form of collectivism Hayek (2010) states:

> The various kinds of collectivism – communism, fascism, etc. – differ from one another as to the end to which they intend to direct the efforts of society. All of them, however, are distinguished from liberalism and individualism by intending to organize the whole society and all its resources aiming at this single purpose and by refusing to recognize autonomous spheres in which individual objectives are sovereign. (p.75)

His defense of a minimal State is not without intention, because, as we will see, his criticism of State intervention, and more specifically of the Welfare State, will become a clear defense of the free market. And as João Paulo Bachur (2013) points out, "this defense of the free market has a moral connotation: it is the market, understood as a spontaneous order, which ensures individual freedom" (p.107). Following the logic in which it is the spontaneous order of the free market that will guarantee individual freedom, for Hayek all regulation or intervention by the State becomes harmful. The spontaneous, the invisible hand of the market, uncontrollable, unpredictable, amoral, is the only possible way to guarantee freedoms.

Hayek (2010) to think about the State in its political and philosophical constitution, will return to John Locke's thinking, but specifically Lockean contractualism, when he states that "We can only count on a voluntary agreement to guide the State's action insofar as this is limited to the spheres where such agreement exists" (HAYEK, p.78).

This is an important point because it marks the limit of the State based on the consensus of individuals. And that, therefore, the State cannot enter the sphere that is not attributable to it and that does not have the necessary consensus. Hayek's foundation in a methodological individualism, which places the atomized individual at the center of reflections, moves towards a defense of individual actions to the detriment of plans that aim to bring together actors with different intentions within a single purpose. For Hayek (2010) atomized individuals are supreme of their own goals to the detriment of coercion.

> When individuals unite in a joint effort to realize goals they have in common, organizations formed by them for this

> purpose, such as the state, for example, are given their own system of goals and their own means of action. The limits of this sphere are determined by the degree of consensus of individuals about specific objectives; the likelihood that they will agree on a particular course of action decreases as the scope of the course of action widens. The citizens will be practically unanimous in admitting the exercise of certain functions of the State: on others there may be the agreement of a considerable majority: and so on, until we reach spheres in which, although each individual may wish the State to prosecute this or that manner, Opinions about what government must do will be as numerous as different people. (HAYEK, 2010, p.78)

Thinking along with Paulani, we can question this assertion of a false suprasensible sovereignty of the individual. If the individual is sovereign in his will, he is not in its effectiveness, since his own constitution as an individual is processed by social and historical instances, which constitute inequalities that are beyond his supposed autonomy. As Paulani (2005) points out, "It is another way of saying that the individual is only in fact an individual if he is not entirely individual, if his determination is not entirely autonomous" (p.100).

The State, within Hayek's logic, which can be extended to all of neoliberalism, given the centrality of his thinking as a neoliberal foundation, does not lead to a dissolution of the State, or less drastic than that to a certain starvation of the State, quite the contrary. The neoliberal system dispensed with a strong state in order to preserve institutional structures, currency, private property and economic systems. In what follows, Hayek (2010) presents what, in his conception, would be a State intervention compatible with liberal ideals.

> The state that controls weights and measures (or otherwise prevents embezzlement and fraud) is undoubtedly active, whereas the state that permits the use of violence – by picketing strikers, for example – is inactive. However, it is in the first case that the state observes liberal principles, while in the second it does not. Likewise, with regard to most general and permanent norms established by the state in the field of production, such as building codes or factory legislation, they may be sensible or foolish in a particular case, but they do not conflict with liberal principles, provided they are intended to be permanent and are not used to favor or harm particular individuals. (HAYEK, 2010, p.96)

If the State is not the main actor to carry individual interests towards unified objectives, the primacy of defending individual freedoms lies within Hayek's thinking about the market. Hayek (2010) will launch a passionate ode to the benefits of free competition as a driver of human actions, and as the only way to guarantee individual freedoms.

> Liberal doctrine favors the effective use of competitive forces as a means of coordinating human efforts, not leaving things as they are. It is based on the conviction that where effective competition exists, it will always prove to be the best way to guide individual efforts. (HAYEK, 2010, p.58)

For the effectiveness of competition as the guide of individual actions, it is essential to build an entire apparatus that is only possible through state action. The market must not suffer state intervention, but at the same time it alone has the institutional channels for the formation of a structured legal system. "An effective competition system needs, like any other, a legal structure elaborated with intelligence and always perfecting" (HAYEK, 2010, p.60).

One of the statements that reading Hayek allows us to make without any prejudice or embarrassment is that the neoliberal position he presented, of competition as a guide for the efforts of individuals, was not only successful,

but went beyond any expectation, in the sense that the competition began not only to dictate a model in order to achieve economic objectives, but also to dominate human experience itself. Competition, or more specifically the dominance of the market, captured the very subjectivity of the individual, embedding in him a social, cultural and political experience mediated by the logic of competition and the market.

HAYEK AND THE PROFESSION OF FAITH

Here we come to what we had alluded to at the beginning of the text, the mutation of neoliberalism from economic political theory to something much further and complex. In order to think about how and why Hayek may have taken part in this process, we will now enter into a discussion about the displacement of Hayek's theoretical thought, from the economic sciences, to a philosophical social theory.

Hayek's arrival in Chicago marks a change of direction in his thinking. Paulani (2005) brings us the clues to the reason for this change. The socialist threat led Hayek to produce an intellectual clash based on his economic science, to demonstrate the unfeasibility of this project, and more than that to demonstrate the evils of such an initiative, which fundamentally constitutes the discourse of the work analyzed in this text.

As Paulani (2005) presents us, as a result of the historical context, and the impossibilities and contradictions that his economic science contained, Hayek had to look for other ways to continue in defense of the free market.

> Considering the historical circumstances in which all this took place, and not abandoning Hayek's liberal convictions, he had no choice but to abandon his original métier, thus indirectly indicating that if the objective was to defend a society organized by the market (a clearly prepared by neoclassical theory), it would be better to look for other ways and not give so much importance to the economic sciences, since attempts in this direction led to the opposite result. (PAULANI, 2005, p.113)

Not by chance, it is after his withdrawal from economics that Hayek will lead the founding of neoliberal doctrine. João Paulo Bachur (2013), will walk in the same direction as Paulani (2005) when he goes so far as to state that the defense of the free market morality preached by Hayek, no longer found resonance in his theoretical premises, dealing rather with defenses arising from the own Hayek's political stance. For João Paulo Bachur (2013):

> [...] it was not his theoretical formulations that led him to neoliberalism; instead, everything indicates that a position in political principle – an unconditional defense of the competitive market – shaped its theoretical architecture, imposing a looping on it. (p.112)

This citation is emblematic for us, since the statement that neoliberalism as a doctrine built from Hayek's theoretical bases was produced not by scientific reflections of the economic sciences, but by a political position in defense of the free market, reverses the logic of theorization to political positioning, for political positioning transfigured into theory.

Political discourse takes the place of theory. And the blind conviction in the primacy of the free market, even when there are no concrete elements to support this premise, becomes an absolute reality. Here we come across a fundamental point that helps us to think about how neoliberalism reached such proportions by penetrating all aspects of human experience, transforming itself into common sense. Which leads Leda Paulani (2005) to state that:

> [...] neoliberalism ends up demanding a profession of faith in the virtues of capitalism and free competition, no longer as a matter

> of ideological choice, in obedience to a given worldview, but as a matter of respect for things " such as they are". (p.126)

Paulani (2005) continues to unveil this transformation of neoliberalism as an absolute truth, showing that his speech has acquired a dogmatic tone typical of religious sermons, which demand unconditional surrender, demonstrating an irremediable fatalism. For Paulani (2005) neoliberalism marked by its logic of economic prescription will deposit the centrality of power in the market, thus stating that:

> Much more incisive, therefore, than the original liberalism, neoliberalism demonstrates an unsuspected capacity to occupy all spaces, to not give rise to dissent. Confirming its nature as a pure economic recipe designed to restore the market to its rightful place, this ubiquitous characteristic of neoliberalism has led, at the limit, to transform the politically modern process of our societies into mere empty rituals, of no importance, processes that in no way modify the inexorable course of the economic march. (PAULANI, 2005, p.126)

Hayek will play a key role in this process of sanctifying neoliberalism, because, as we have already seen, his transfiguration of a political position into scientific theory will produce a mismatch with reality, and a profound distancing from concrete reality.

It is Paulani (2005) again who will provide the best definition of Hayek's thinking. Taking the characterization of the figure of the intellectual produced by Hegel, Paulani (2005) will attribute to Hayek a place among men of conviction, which would be those intellectuals who start from very well-established convictions, and not from statements produced by the scientific practice of verifying the concrete reality. For the man of conviction, the answer is already ready and no real proof is needed, the answer is already ready because it starts from his own convictions.

Hayek clearly starts from his political convictions of the supremacy of the market, and his doctrinal discourse, typical of men of conviction, will underlie the entire process of dominating neoliberalism. Hayek took the first step full of intentionality and conciseness towards the free market as a guide in the lives of individuals, and since then we have all walked in this profession of faith.

CONCLUSION

From this interpretative key of Hayek's framework belonging to the spectrum of the man of conviction, who transfigures his conviction into theory, and uses them for purposely political purposes, we can conclude that the foundation of the theoretical basis of neoliberalism will be constituted by political positions, and by political and economic intentions that aimed at the hegemonic domain of capital.

Among the speeches produced by Hayek, and later continued and improved by other authors, what prevailed was an affirmation that there is nothing beyond the free market, and that this is the only way to guarantee the supposed freedom. This discourse, which presents itself as the only possible path, will find a lot of resonance, and alertly, it starts to configure itself as a doctrine, as a dogmatic discourse.

What finds direct correspondence with the founding thought of neoliberalism, of Hayek, and contemporary neoliberalism, is exactly this stratified view, today even more than when it was founded, that there is no escape from neoliberalism in an almost mythological omnipotence, the consensus seems to have been unanimous. It is up to us to take a critical look at neoliberalism, seeking to recognize its origins, which in Hayek's case are laden with intentions. If it was possible to divert the route of social progress from a fairer

retribution to a naturalization of inequalities with the neoliberal model, perhaps a new turn is possible, correcting the previously diverted course.

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