

Extracts from an Interview Friedrich von Hayek

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Reagan said: "Let us begin an era of National Renewal." How do you understand that this will be a renewal?

I am placing much hope in this new administration. And if I were to meet Mr Reagan, I would tell him that his "new beginning" is on the right track. It is indeed a new beginning. For the past 50 years, since Franklin Roosevelt in the 1930s, the United States has been on the wrong path. Of course the situation has got much worse during the past 20 years. And for the first time I feel that the United States is today on the right track. Reagan understands that the best thing is to take the free market as his basis, as the only way of restoring the country's economy. He knows this, and he has also chosen very good advisers.

Do you personally know any of his advisers?

Mr Reagan, Mr Solzhenitsyn and I are honorary members of the Hoover Institution in Stanford, California....

In what other countries do you also notice this change?

There are certain intellectual movements in this direction in France, and also in the younger generation in Western Germany. In these four countries - United States, France, England and Germany - there is a clear return to what we call "classical liberalism", as opposed to the liberalism that has reigned in North America during the past 20 years and which has smiled too often in the direction of socialism. . . .

Ultimately, there is one sentence of Reagan's that would summarize your principles. "In this present crisis, government is not the solution to our problem; government is the problem."

Exactly, exactly. Right now the main task confronting us is to reduce the government's power. In this sentence Reagan clearly distinguishes between what a government should do and what it should not do. As I have already said, right now, in Western Germany, the government's role is being considerably reined in. In the past century limits were placed in England. Later in the United States. But today, of all the major countries, I would cite Germany and Switzerland - although the latter is a special case - as examples of this setting of limits. The fact is that socialist ideas have been very influential in English-speaking countries during the past 25 years. Whilst German-speaking countries took an

opposing direction to Hitler's totalitarianism. In addition to Germany and Switzerland I would also cite Israel as a country which is in process of paring back the government's role.

And Mrs Thatcher's England...

Good. Mrs Thatcher is moving in this right direction. . . .

In your book "The Road to Serfdom" you said that it is possible to have economic freedom without political freedom but that political freedom will never be possible without economic freedom. Is this not to posit the economy as the most decisive factor in countries' lives? Does this not limit or reduce everything that makes us human to economic value?

It is very simple: a country can have a proper political life only if the economic system allows its people to survive. Not counting, of course, with the ever-growing problem of population growth. Very well, people need to survive. And I am convinced that it is only in the free market, following the competitive market order, that all these people can be kept alive. It is precisely the policies of the left that attempt to impede those economic mechanisms that for me are the only ones that can give us everything we need. In the West, in particular, access by the masses to a certain degree of well-being has been the result of the general rise in a country's wealth, not of so-called "social justice". "Social justice" has rather prevented the elimination of poverty. The interference of the powers that be in the mechanisms of the market has succeeded only in provoking greater injustices in the form of new privileges in favour of particular interests. Let me remind you that democracy needs the broom of strong governments. Unfortunately, democracies are at times allowing governments too much power. This is why I am very careful to distinguish between "limited democracies" and "unlimited democracies". And obviously my choice is for limited democracies.

Could I ask you for examples of limited and of unlimited democracies?

In certain countries, what we call majorities are able to turn into discriminatory groups which favour certain people to the detriment of others. For me these are unlimited democracies. On the other hand, the limited democracy ought be able to give its own group of supporters the same possibilities as the rest.

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How did you view Carter's position towards Iran?

Very weak. Very weak. . . .

Let us continue, now, our analysis of Ronald Reagan's inaugural speech of 20 January. He said: "We suffer from the longest and one of the worst sustained inflations in our national history. It distorts our economic decisions, penalizes thrift, and crushes the struggling young and the fixed-income elderly alike. It threatens to shatter the lives of millions of our people." Do you agree with these nefarious outcomes of inflation?

Totally. I am in absolute agreement. This will obviously be the first problem Reagan is going to have to solve. And I believe that his chances of doing so are better than those of Margaret Thatcher in England.

Why?

Because in North America the trade unions are much weaker than in England. And I would add that in North America the trade unions are not socialist in orientation. The English trade unions, on the other hand, are socialist and support a socialist party. This is why they are so strong. This is what makes the problem so complex. The worse thing about inflation is that it funnels productive forces towards those sectors which, in the long term, are unable to maintain them. In the short term, inflation reduces the unemployment rate. But in the long term it increases it horribly. Just think about it. From the political standpoint, inflation is very attractive, as in the short term it reduces unemployment. But, I insist, it is inevitable that in the long term this unemployment will rise.

. . . .

Moving away a bit from the speech, do you believe that Reagan's past as an actor is positive or not for his task as the nation's president?

For me it is very important and very positive. You may not know it, but the present Pope John Paul II also wanted to be an actor. And he too, like Reagan, has this extraordinary capacity for publicity. And I believe this capacity to be fundamental for a leader.

Cannot this capacity for publicity at times become synonymous with demagogy?

For a government to function well, you need at the helm someone with something of an actor's talent. This is clear. Today, certain people use this talent for worthy ends, others for unworthy ends. In the first case, it is a blessing, in the second a tragedy.

Another sentence of Reagan's struck my attention: "If we look to the answer as to why, for so many years, we achieved so much, prospered as no other people on Earth, it was because here, in this land, we unleashed the energy and individual genius of man to a greater extent than has ever been done before."

In other words, they had a system of liberty, and not an oppressive government.

Why is it so difficult to achieve this sort of government in Latin America?

The difference lies in its having another tradition. The United States takes its tradition from England. In the 18th and 19th centuries especially, this was a tradition of liberty. On the other hand the tradition in South America, for example, is rooted basically in the French Revolution. This tradition lies not in the classical line of liberty, but in maximum government power. I believe that South America has been overly influenced by the totalitarian type of ideologies. And I regret to say that this includes a famous Englishman, the utilitarian Jeremy Bentham, who effectively believed in the deliberate organization of everything. This is obviously very far from the liberal English tradition of the Whigs. So the answer is that the United States remained faithful to the old English tradition even when England partly forsook it. In South America, on the other hand, people sought to imitate the French democratic tradition, that of the French Revolution, which meant giving maximum powers to government.

What opinion, in your view, should we have of dictatorships?

Well, I would say that, as long-term institutions, I am totally against dictatorships. But a dictatorship may be a necessary system for a transitional period. At times it is necessary for a country to have, for a time, some form or other of dictatorial power. As you will understand, it is possible for a dictator to govern in a liberal way. And it is also possible for a democracy to govern with a total lack of liberalism. Personally I prefer a liberal dictator to democratic government lacking liberalism. My personal impression — and this is valid for South America - is that in Chile, for example, we will witness a transition from a dictatorial government to a liberal government. And during this transition it may be necessary to maintain certain dictatorial powers, not as something permanent, but as a temporary arrangement.

Apart from Chile, can you mention other cases of transitional dictatorial governments?

Well, in England, Cromwell played a transitional role between absolute royal power and the limited powers of the constitutional monarchies. In Portugal, the dictator Oliveira

Salazar also started on the right path here, but he failed. He tried, but did not succeed. Then after the war, Konrad Adenauer and Ludwig Erhardt held initially almost dictatorial powers, using them to establish a liberal government in the shortest possible space of time. The situation called for the presence of two very strong men to achieve this task. And the two of them very successfully accomplished this stage towards the establishment of a democratic government. If you permit I would like to make a brief comment in this sense on Argentina.

Why not?

I felt very disenchanted right from my first visit there, shortly after Peron's fall. At that time I talked with many officers from the Military School. They were highly intelligent persons. Politically brilliant, I would say among the most brilliant politicians in their country. For me it was a pity they did not make better use of this intelligence. I would have hoped they could have laid the foundations for a stable democratic government. And yet they did not. I do not know why they failed, in fact, but my impression is that they had the political ability and the intelligence to do so.

Which means that you would propose stronger, dictatorial governments, during transitional periods...

When a government is in a situation of rupture, and there are no recognized rules, rules have to be created in order to say what can be done and what cannot. In such circumstances it is practically inevitable for someone to have almost absolute powers. Absolute powers that need to be used precisely in order to avoid and limit any absolute power in the future. It may seem a contradiction that it is I of all people who am saying this, I who plead for limiting government's powers in people's lives and maintain that many of our problems are due, precisely, to too much government. However, when I refer to this dictatorial power, I am talking of a transitional period, solely. As a means of establishing a stable democracy and liberty, clean of impurities. This is the only way I can justify it - and recommend it.

Mr Hayek, do you have hope? I mean, are you optimistic as to the future?

Yes, yes. I would almost say that if politicians do not destroy the world in the next 20 years, there are very good chances of achieving the just and proper society that mankind deserves. Of course... I am not very optimistic that the politicians are not going to destroy the world..., but this is another topic. And I believe that people today are aware that the ideals that dominated this 20th century were all based on superstitions. For example, a planned economy, with fair distribution. Or the ability to free oneself from repression and moral conventions. Or seeing a permissive education as a path towards liberty. Or replacing the market economy by a rational arrangement of a government with coercive

powers. These ideals marked the age of superstitions. And what is the age of superstitions? It is a time in which people imagine that they know more than they in fact do.

Are you a believer? In the religious sense, I mean.

I was born a Catholic. I was baptized. I was married in the church, and they will probably bury me as a Catholic. But I have never been able to be an effective Catholic, a faithful Catholic. Despite this I was in Rome three weeks ago together with another twelve Nobel Prize winners to advise the Pope on political matters. I discovered the Pope to be a man of extraordinary intelligence, and an excellent conversationalist. Really, he impressed me a lot.

Do you believe in God?

I have never understood the meaning of the word God. I believe that it is important in the maintaining of laws. But, I insist, as I do not know the meaning of the word God, I am unable to say either that I do or don't believe in his existence.

Doesn't this doubt, this problem, occupy a good part of your time?

It takes up my entire life. For my entire life I have been asking the same question, without finding an answer. Nor has anyone been able to give me the answer.

This scepticism, is it a driving force to continue searching? I mean, are people who ask questions like you do closer than others to reaching the truth?

(Smiling). It's a good question. And I am going to answer it like this: I believe that we all have a duty to search for the truth. But at the same time we all need to admit that none of us is in full possession of all the truth. Of "all" the truth, I said. And if you wish me to define God as the truth, then I am ready to use the word God. And I'll go further. Providing that you do not claim to have the entire truth, I am ready to work with you in searching for God via truth. It's a fascinating challenge.

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