**Hayek and His Critics**

**CWCV 2010-002**

**Professor Zywicki**

**Fall 2023**

**(*Updated November 13, 2023)***

**COURSE OVERVIEW/DESCRIPTION:**

F.A. Hayek was awarded the Nobel Prize in economics in 1974. But he also argued, “Nobody can be a great economist who is only an economist—and I am even tempted to add that the economist who is only an economist is likely to become a nuisance if not a positive danger.” Hayek’s insights transcended economics to other fields. He also influenced a generation of politicians, most notably former British Prime Minister Margaret Thatcher, who once pointed to one of Hayek’s books and stated “This what we believe.” This course will survey the full sweep of Hayek’s thinking, with a particular focus on his influence on the development of modern conservative and libertarian ideas and his contributions to law and economics. The course will also examine leading extensions and critiques of Hayek’s views as well as the continued relevance and importance of his ideas in the modern age.

**COURSE MATERIALS:**

**Required Texts:**

*The Essence of Hayek* (Chiaki Nishyama and Kurt R. Leube eds., 1984), available from Hoover Institution Press (<https://www.hoover.org/research/essence-hayek>) (abbreviated as *Essence*)

Donald J. Boudreaux, *The Essential Hayek* (Fraser Institute 2014), download free from Fraser Institute <https://www.fraserinstitute.org/sites/default/files/essential-hayek_0.pdf> (abbreviated Boudreaux).

F.A. Hayek, *Individualism and Economic Order* (1948), download free from Mises Institute <https://mises.org/library/individualism-and-economic-order> (abbreviated *Individualism*)

Other readings are available for free online or through the university library online system or will be made available via handouts.

**Recommended/Optional Text:**

*The Cambridge Companion to Hayek* (Edward Feser ed., 2006) (abbreviated as *Cambridge*).

**CONTACT INFORMATION:** tozy2171@colorado.edu

**CLASS MEETINGS:** Class will meet every Monday 5:05-7:35. Note that this class is 3 credits but meets just once per week thus each class session is double in length with a break midway through. We will also have several distinguished speakers during the semester and in some instances in lieu of class students will be required to either attend those lectures live or if that is not possible to watch a recorded version of their talk.

From time to time it will be necessary for me to cancel class because of other professional commitments. In lieu of class meeting I might assign an alternative assignment for those weeks. If meeting is not feasible due to weather or illness, I might instead plan to meet by Zoom and will send a link at a later date if necessary.

**OFFICE HOURS:** Office hours will be on Monday and Wednesday from 2:15-3:30 or by appointment. I sometimes have travel or other professional commitments that may interfere with my ability to hold office hours at the stated time on any week; therefore, if you intend to come to office hours please try to let me know in advance via email so I can confirm I will be available. I am also happy to meet by Zoom.

**LEARNING OUTCOMES AND COURSE GOALS:** By the end of the course students should have acquired/be able to:

* Have general familiarity with the ideas of F.A. Hayek
* Understand the relevance of Hayek’s ideas for the modern world
* Understand Hayek’s place in conservative thinking
* Critically analyze Hayek’s ideas

**GRADING**

 This is a small, discussion-oriented seminar-style class. For class meetings to be productive, it is essential that students prepare in advance by reading assigned material and actively participate in class discussion. In order to facilitate class discussion, at least once each week students submit several “Reaction Essays” during the course of the semester that consist of a short essay (approximately 1-2 pages in length) that summarizes a reading, reacts to an idea or argument in the readings for that week’s class sessions. Reactions may consist of challenges, questions for clarifications, something you agree or disagree with, connections with other works assigned in this class and other thinkers with whom students might be familiar, or extensions and applications to contemporary or historical questions and issues. *Even if you do not submit a reaction essay for a given class, students will be expected to come to each class with at least one thing they want to say about one of the readings*. If you choose to submit a reaction essay, reaction essays will be due at 1:00 pm. on each day we have class.

In addition, there will be a term paper of approximately 3-5 pages that will ask you to illustrate and apply how the ideas of Hayek are relevant to understanding and addressing some contemporary social, political, or economic policy issue.

There will also be a comprehensive final exam that will cover all the material addressed during the semester.

You can also gain extra credit of up to 2 points for attending or viewing online the presentations by the 4 Benson Center invited lecture series.

* 10 Reaction Essays (2 points each) 20%
* Class Participation 20%
* Term Paper 25%
* Final Exam 35%
* Visiting Lectures (EC) 8%

**INSTRUCTOR EXPECTATIONS**

* Students are expected to be prepared for class each day.
* Expected reading assignments for each class are provided below but are subject to revision as the semester proceeds. Efforts will be made to remain consistent with this expected schedule but will be adapted to the needs of the class. Reading assignments for each subsequent class will be announced at the conclusion of each class.

**COURSE RULES/STRUCTURE:**

* As mentioned, this is a discussion-oriented course. I will generally lead a discussion. If discussion is not forthcoming, I reserve the right to “cold call” students to contribute their thoughts to the discussion.

**EMAIL COMMUNICATION*:*** If you have a question about course logistics or procedures it is best to communicate via email a the above-indicated email address.

**ATTENDANCE:** Regular and punctual attendance are required to earn academic credit. Should circumstances occur where you anticipate the possibility of missing a substantial number of class sessions (e.g. a serious illness), you should immediately contact the appropriate university officials as well as me.

**CLASS RECORDINGS PROHIBITED:** No portion of a class session or an examination may be preserved by means of a recording device such as an audio recording device or camera. Any exceptions to this policy must be expressly permitted in writing by me.

**ACADEMIC INTEGRITY AND CLASSROOM DECORUM:**It is expected that students adhere to the University of Colorado Student Honor Code, which is here: <https://www.colorado.edu/sccr/honor-code>. Students may not use AI text generators for any written assignment, including the midterm or final exam.

 Class sessions will be conducted according to the principles established by the United States Constitution, the University of Colorado Regents Laws and Policies governing free speech and expression, which is available here: <https://www.colorado.edu/free-expression#faqs>. In addition, class meetings shall also be governed by the Statement of Faculty Principles on Classroom Dialogue and Debate adopted by Antonin Scalia law school, which is available here: <https://www.law.gmu.edu/about/commitment_to_open_dialogue/>. Enrollment in this class shall constitute voluntary consent to be governed by those rules.

**Reading Assignments**

**PART I: INTRODUCTION**

**Class 1: August 28 Introduction**

Friedrich von Hayek, “Banquet Speech” (Dec. 10, 1974) (remarks at Nobel Banquet in association with receipt of The Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel 1974), available <https://www.nobelprize.org/prizes/economic-sciences/1974/hayek/speech/>.

“The Pretence of Knowledge,” Nobel Prize lecture (Dec. 11, 1974), available <https://www.nobelprize.org/prizes/economic-sciences/1974/hayek/lecture/> (reprinted in *Essence* at 266-77).

Donald J. Boudreaux and Todd J. Zywicki, “A Nobel Economist’s Caution About Government,” *Wall Street Journal*, Oct. 12, 2014, available <https://www.wsj.com/articles/donald-boudreaux-and-todd-zywicki-a-nobel-economists-caution-about-government-1413150678>.

Kurt R. Leube, “Friedrich August von Hayek: A Biographical Introduction,” in *The Essence of Hayek* at xviii-xxxvi

Optional

Chiaki Nishiyama, “Introduction,” in *Essence* at xxxvii-lxvii.

Boudreaux at 1-5

“Essential Hayek: Who is F.A. Hayek,” available at <https://www.youtube.com/watch?v=9fBFVquMLuw>.

Edward Feser, “Introduction,” in *Cambridge* at 1-12

**Sept 4**

**No Class—Labor Day**

**PART II: THE THEORY OF HAYEK’S SYTEM: KNOWLEDGE, SPONTANEOUS ORDER, AND DISCOVERY**

**September 6: Vernon Smith Lecture**

**Class 2: Sept 11 Dispersed and Tacit Knowledge**

“The Use of Knowledge in Society,” in *Essence* at 211-224

“The Pretence of Knowledge,” in *Essence* at 266-277

“The Creative Powers of a Free Civilization” in *The Constitution of Liberty* Chapter 2.

Thomas D. Howes, “F.A. Hayek on the Discovery, Use, and Transmission of Knowledge,” *Austrian Institute Paper* No. 34 (2020), *available* at <https://austrian-institute.org/wp-content/uploads/2020/10/Howes-F.A.-Hayek-on-the-Discovery-Use-and-Transmission-of-Knowledge-AiPaper-No.34-2020.pdf>.

Optional

Vernon L. Smith, Nobel Prize Lecture (2002), available <https://www.youtube.com/watch?v=7j6MZ14rs1E>.

Tyler Cowen and Lex Friedman, “The Use of Knowledge in Society,” available <https://www.youtube.com/watch?v=LpVP75lNDM4>.

Marginal Revolution University, “Hayek on the Use of Knowledge in Society,” available <https://www.youtube.com/watch?v=-gi2_1Vsmf4>.

Vernon L. Smith, “Constructivist and Ecological Rationality in Economics,” 93(3) *American Economic Review* 465-508 (2003).

“Rules, Perception, and Intelligibility,” <https://www.thebritishacademy.ac.uk/publishing/proceedings-british-academy/48/hayek/>.

“Philosophical Consequences,” in *Essence* at 225-253.

Thomas Sowell, *A Conflict of Visions* at 3-66

Boudreaux ch 1 and ch 2

Andrew Gamble, “Hayek on Knowledge, Economics, and Society,” in *Cambridge* at 111-131.

Edward Feser, “Hayek the Cognitive Scientist and Philosopher of Mind” in *Cambridge* at 259-286.

Todd J. Zywicki, “Epstein and Polanyi on Simple Rules, Complex Systems, and Decentralization,” 9 *Constitutional Political Economy* 143 (1998), *available* here: <https://sls.gmu.edu/todd-zywicki/wp-content/uploads/sites/51/2019/09/Epstein-Review.pdf>.

Todd J. Zywicki, “Bruce Yandle and the Art of Economic Communication,” in *The Legacy of Bruce Yandle* 67-88 (Donald J. Boudreaux and Roger Meiners, eds., 2020).

**Class 3: Sept 18 Competition, Discovery, Planning, Entrepreneurship, and Equilibrium**

“Economics and Knowledge,” in *Individualism* at 33-56.

“Competition as a Discovery Procedure,” in *Essence* at 254-265.

“The Meaning of Competition,” in *Individualism* at 92-106.

Siddharth Gundapeneni, “A Tale of Three Austrian Entrepreneurship Views,” LearnLiberty.org (Mar. 21, 2023), <https://www.learnliberty.org/blog/austrian-entrepreneurship-theory-three-views/>.

**Optional**

Marginal Revolution University, “Hayek on Competition and Discovery,” available <https://www.youtube.com/watch?v=zg44s6s3wOk>.

Donald Boudreaux, “Schumpeter and Kirzner on Competition and Equilibrium,” in *The Market Process: Essays in Contemporary Austrian Economics* (Peter J. Boettke and David L. Prychitko, eds.) at 52-61.

Israel Kirzner, “Entrepreneurial Discovery and the Competitive Market Process: An Austrian Approach,” 35(1) *Journal of Economic Literature* pp. 60-85 (1997).

Todd J. Zywicki, “Is Forum-Shopping Corrupting America’s Bankruptcy Courts? Review of Lynn LoPucki, ‘Courting Failure: How Competition for Big Cases is Corrupting the Bankruptcy Courts’,” 94 *Georgetown L.J.* 1142 (2006), available at <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=781487>.

**Class 4: Sept 25 Spontaneous Order**

*Law, Legislation, and Liberty: Rules and Order*, Vol. 1, ch 1 (“Reason and Evolution”) and ch 2 (“Cosmos and Taxis”).

Boudreaux ch 3

Optional

“The Results of Human Action but not of Human Design,” in *Studies in Philosophy, Politics, and Economics* ch 6.

Norman Barry, *The Tradition of Spontaneous Order*, Literature of Liberty 1-58 (Summer 1982), available <https://oll-resources.s3.us-east-2.amazonaws.com/oll3/store/titles/1303/0353-18_1982v2_Bk.pdf> (pdf) or <https://oll.libertyfund.org/page/the-tradition-of-spontaneous-order-a-bibliographical-essay-by-norman-barry>.

Daniel Luban, “What is Spontaneous Order?”, 114(1) *American Political Science Review* 68-80 (2020).

Reader’s Forum on Norman Barry’s “The Tradition of Spontaneous Order” available <https://oll.libertyfund.org/page/reader-s-forum-on-norman-barry-s-the-tradition-of-spontaneous-order>.

**Class 5: Oct 2 Tradition and Social Evolution**

*Constitution of Liberty* ch 4 “Freedom, Reason, and Tradition.”

*Law, Legislation, and Liberty: The Political Order of a Free People*, Vol. 3 Epilogue (“The Three Sources of Human Values”).

*The Fatal Conceit*, Ch. 1 (“Between Instinct and Reason”)

Optional

Todd J. Zywicki, “Was Hayek Right About Group Selection After All?” 13 *Review of Austrian Economics* 81-95 (2000)

“The Origins and Effects of Our Morals: A Problem for Science” in *Essence* at 318-330

*The Fatal Conceit* Appendix A (“’Natural’ versus ‘Artificial’”).

Gerald F. Gaus, “Hayek on the Evolution of Society and Mind” in *Cambridge* at 232-258.

**Class 6: Oct 9 Hayek and Conservatism**

*Constitution of Liberty* “*Postscript*: Why I Am Not a Conservative”

Russell Kirk, *The Conservative Mind: From Burke to Eliot*, ch 1 (“The Idea of Conservatism”) and ch 13 (“The Promise of Conservatism”)

Optional

James Buchanan, “Why I Too, Am Not a Conservative”

Michael Oakeshott, “On Being Conservative” in *Rationalism in Politics and Other Essays*

Edmund Burke, *Reflections on the Revolution in France* (handout pp. 41-53, 63-67, 71-74)

Chandran Kukathas, “Hayek and Liberalism” in *Cambridge* at 182-207.

Roger Scruton, “Hayek on Conservatism” in *Cambridge* at 208-231.

**Oct. 4 Lecture: Kim Strassel**

**Class 7: Oct 16 The Rule of Law**

*The Road to Serfdom* ch 6 (“Planning and the Rule of Law”)

*Constitution of Liberty* Ch 11, 12, 14

Optional

Todd J. Zywicki, “The Rule of Law, Freedom, and Prosperity” 10 *Supreme Court Economic Review* 1 (2003).

Nadia Nedzel and Nicholas Capaldi, *The Anglo-American Conception of the Rule of Law* ch 7 (“Rediscovery of the ‘Rule of Law’ in Hayek”) (2019)

Edward Peter Stringham and Todd J. Zywicki, “Friedrich A. Hayek” available <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3160840>.

Boudreaux ch 4

Steven D. Ealy, “The Evolution of the Rule of Law in Hayek’s Thought, 1935-1955: From *Collectivist Economic Planning* to *The Political Ideal of the Rule of Law*” Mercatus Center Working Paper No. 10-38 (July 2010).

Ronald Hamowy, “Hayek’s Concept of Freedom: A Critique,” in *New Individualist Review* Vol 1, No. 1. p. 32-35 (April 1961).

**Oct 18: Jennifer Sey Lecture**

**Class 8: Oct 23 Spontaneous Order and Law**

*Law, Legislation, and Liberty: Rules and Order* vol. 1 chs 5-6

Bruno Leoni, *Freedom and the Law* “Introduction”

Todd J. Zywicki, “Bruno Leoni’s Legacy and Continued Relevance,” 30(1) *Journal of Private Enterprise* 131-141 (2015).

Optional

Leoni at ch 4

Todd J. Zywicki, “Hayek’s Jurisprudence: And Ratnapala’s Hayek,” 33(2) *University of Queensland Law Journal* 311 (2015).

Boudreaux ch 5

Nedzel and Capaldi, *The Anglo-American Conception of the Rule of Law* ch2 (“Spontaneous Order”)

Aeon Skoble, “Hayek the Philosopher of Law” in *Cambridge* at 171-181.

Edward Peter Stringham and Todd J. Zywicki, “Hayekian Anarchism,” 78 *Journal of Economic Behavior and Organization* 290 (2011).

Eric Mack, “Friedrich Hayek on the Nature of Social Order and Law,” in *Political Philosophy in the Twentieth Century: Authors and Arguments* at 129-141 (2011)

**Oct 30: No Class**

**Class 9: Nov 6** **Legal Philosophy and Law and Economics**

*Law, Legislation, and Liberty: Rules and Order*, Vol 1 ch 3 (“Principles and Expediency”) and Vol 2 ch. 8 (“The Quest for Justice”)

Todd J. Zywicki and Anthony B. Sanders, “Posner, Hayek, and the Economic Analysis of Law,” 93 *Iowa L. Rev.* 559 (2008).

Optional

Richard A. Posner, “Hayek, Law, and Cognition,” 1 *NYU Journal of Law and Liberty* 147 (2005).

Peter J. Boettke and Todd J. Zywicki, “Law and Economics: The Contributions of the Austrian School of Economics,” in *Research Handbook on Austrian Law and Economics* (Todd J. Zywicki and Peter J. Boettke, eds., 2017).

Todd J. Zywicki, “The Rise and Fall of Efficiency in the Common Law: A Supply-Side Analysis,” 97(4) *Northwestern Law Review* 1151 (2003)

Daniel Nientiedt, “Hayek’s Treatment of Legal Positivism,” CHOPE Working Paper No. 2020-07.

**Class 10: Nov 13** **Economic Planning and Socialism**

“Two Pages of Fiction: The Impossibility of Socialist Calculation” in *Essence* at 53-61

*The Road to Serfdom* ch 5 (“The ‘Inevitability of Planning”), ch 6 (“Planning and Democracy”), ch 7 (“Economic Control and Totalitarianism”), and ch 10 (“Why the Worst Get on Top”)

Optional

Anthony O’Hear, “Hayek and Popper: The Road to Serfdom and the Open Society” in *Cambridge* at 132-147

Eric Mack, “Hayek on Justice and the Order of Actions,” in *Cambridge* at 259-286

**November 15: Scott Atlas Lecture**

**Nov 20: No Class**

**Class 11: Nov 27 Social Justice**

“The Atavism of Social Justice”

“‘Social’ or Distributive Justice” in *Essence* at 62-114

“Equality, Value, and Merit” in *Essence* at 331-351

*The Fatal Conceit* at ch 1

Optional

“Socialism and Science” in *Essence* at 114-127

*Constitution of Liberty* Ch 3 (“The Common Sense of Progress”)

Boudreaux ch 10

“History and Politics” in *Essence* at 160-175

*The Counter-Revolution of Science: Studies in the Abuse of Reason* at 5-35

**Class 12: Dec 4 Hayekian Economics**

Bruce Caldwell, “Hayek and the Austrian Tradition” in *Cambridge* at 13-33

“Inflation, the Misdirection of Labour, and Unemployment,” in *Essence* at 3-17.

“The Keynes Centenary: The Austrian Critique” in *Essence* at 43-52

*Constitution of Liberty* ch 21 (“The Monetary Framework”)

“Fear the Boom and the Bust,” available at <https://www.youtube.com/watch?v=d0nERTFo-Sk>.

Optional

*Constitution of Liberty* ch 17

*Law, Legislation, and Liberty: The Political Order of a Free People* vol. 3, ch. 15 (“Government Policy and the Market”).

Boudreaux ch 7 and ch 8

*Denationalisation of Money: The Argument Refined* (1990)

Roger E. Backhouse, “Hayek on Money and the Business Cycle,” in *Cambridge* at 34-50.

Peter J. Boettke, “Hayek and Market Socialism” in *Cambridge* at 51-66.

Robert Skidelsky, “Hayek versus Keynes: The Road to Reconciliation” in *Cambridge* at 82-110.

**Class 13: Dec 11 Threats to Liberalism and Proposed Solutions**

“Individualism: True and False” in *Essence* at 131-159

“The Principles of a Liberal Social Order” in *Essence* at 363-381

“Whither Democracy” in *Essence* at 352-362

Todd Zywicki, “Restoring the Rule of Law in Finance,” The Heritage Foundation First Principles (June 1, 2023), <https://www.heritage.org/courts/report/restoring-the-rule-law-finance>.

Todd Zywicki, “Milton Friedman and Friedrich Hayek: 50 Years Later, (May 4, 2012), <https://lawliberty.org/milton-friedman-and-friedrich-hayek-fifty-years-later/>

Optional

Marginal Revolution University, “Hayek on Individualism and Spontaneous Order,” <https://www.youtube.com/watch?v=dnHED9nIRZM>.

Todd Zywicki, “The Rule of Law During Times of Economic Crisis,” in *Economic and Political Change After Crisis: Prospects for Government, Liberty, and the Rule of Law* (Stephen H. Balch and Ben Powell, eds. 2016).

*Law, Legislation, and Liberty: The Myth of Social Justice* vol. 2, ch. 11 (“The Discipline of Abstract Rules and the Emotions of Tribal Society”)

*Law, Legislation, and Liberty: The Political Order of a Free People* vol 3. Ch 12, ch. 16

Boudreaux ch 9

Todd Zywicki, “Rent-Seeking, Crony Capitalism, and the Crony Constitution,” 23 *Supreme Court Economic Review* 77 (2016).

Todd J. Zywicki and Christopher Mufarrige, “Simple Rules for a Complex Regulatory World: The Case of Financial Regulation,” 52 *European Journal of Law & Economics* 285 (2021).

Julian Morris, “Popper, Hayek, & Environmental Regulation,” speech to the Adam Smith Society (June 1998)

Todd Zywicki, “Dionne v. Hayek,” Washington Post (Feb. 14, 2014).

Todd J. Zywicki, “Regulatory Robustness” Working Paper available <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3957200>

Richard Epstein, *Simple Rules for a Complex World*, Preface and Part I. ch 1 (“The Virtues of Simplicity”).

Andrew G. Haldane, “The Dog and the Frisbee,” speech at the Federal Reserve Bank of Kansas City’s 36th Economic Policy Symposium, Jackson Hole, WY (Aug. 2012).

Cass Sunstein, “The Office of Information and Regulatory Affairs: Myths and Realities,” 126 *Harvard Law Review* 1838, 1843 (2013)

**Exam:**