asking, "Now that Friedman is gone, who will take his place?" The most likely answer is, no one, because Friedman took his own style of market-based liberalism as far as it will go. For that, we should be grateful. Now we must move on.

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The Cambridge Companion to Hayek

Edward Feser (Editor)

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The publication of a *Cambridge Companion to Hayek* is proof of the increasing recognition Hayek's work has been receiving in the intellectual world in recent years. It contains an introduction by the editor, fourteen articles dealing with all aspects of Hayek's extensive oeuvre and a guide to further reading. The intellectual background of the authors is very diverse; subsequently they place emphasis on, as well as offer praise or criticism of, different aspects of Hayek's work. Some basic knowledge in economics and politics is required for most of the articles.

In his introduction, Feser calls Hayek "the most consequential thinker of the mainstream political right"—maybe even "the most consequential twentieth-century political thinker." Those from the political left might object, but Feser certainly has a point here. The apparent triumph of global capitalism we witness today owes as much to Hayek's influence on policymakers and shapers of public opinion as it does to that of any other intellectual figure. His *Road to Serfdom* was a key text of the emerging New Right, which combines an emphasis on free markets, limited government, and individual liberty with personal moral restraint and respect for tradition and religion. Hayek's technical work in economics brought him the Nobel Prize in 1974, but his field of work extends much further. His legacy is a system of thought, encompassing theories in social and political philosophy, philosophy of law, philosophy of science, and cognitive science.

Bruce Caldwell's article covers Hayek's early life until the early 1930s, when he left Austria for a position at the London School of Economics. After World War I, he enrolled at the University of Vienna where he came in contact with the Austrian School of Economics. Early on, Caldwell points out, Hayek was involved in arguments with other traditions, mentioning not only his famous encounter with J. M. Keynes but also with the German Historical School of economics, the Austro-Marxists, and the Vienna Circle positivists.

Hayek's work on money and the trade cycle is very carefully explained by Roger E. Backhouse. Hayek was convinced that capital theory was fundamental to the explanation of the business cycle. A dynamic capitalist economy, Hayek thought, would periodically be subject to unemployment of resources. Backhouse compares Hayek's work in this field with Keynes', who, in his opinion, won the argument.

Another challenge Hayek had to face was the concept of market socialism, using neoclassical arguments in its case for a planned economy. Peter J. Boettke presents this model as well as Hayek's response. Working on these questions, Hayek for the first time presented the idea that prices not only are an incentive device, but also convey information about the market participants and their plans.

Robert Skidelsky tries to find the "road to reconciliation" of the positions of Hayek and Keynes. He lists many points where Hayek and Keynes agreed, among them their support for a liberal order and personal freedom. Keynes welcomed *Road to Serfdom* but added several criticisms. Skidelsky puts the emphasis on Keynes' concern to protect a liberal order by a minimum of state intervention he—in contrast to Hayek—considered necessary. The difference between Hayek and Keynes can be summed up by saying that Keynes believed that "in the long run we are all dead," whereas Hayek believed that in the long run we learn wisdom.

"Hayek's theory of knowledge is his most distinctive contribution both to economics and to social science," Andrew Gamble argues. It has a central role in almost all of Hayek's works. Knowledge is limited, because the human mind is limited. Liberal institutions alone allow the coordination of a multitude of people who are strangers to each other. This theory gave Hayek a new way to state the case for liberalism. In an evolutionary process, Hayek argues, rules have been selected that lead individuals to behave in ways that makes social life possible. They are the result of human action, but not of human design. His main concern when supporting a liberal economy was not so much what man might occasionally achieve when he is at his best, but that he should have as little opportunity as possible to do harm when he is at his worst. Boettke and Eric Mack point out that the justification of Hayek's liberal order for society and economy is to be found here. The task of social sciences, including economics, can therefore only lie in studying complex phenomena and finding general patterns, not in predicting specific events. Hayek recognized the necessity of politics, but only those who have studied and fully appreciate the complexity of modern society can be trusted with making piecemeal changes in inherited rules.

Karl Popper was one of the few intellectuals besides Hayek who clearly dissented from the intellectual mainstream of the 1940s that seemed to take socialism as granted. Anthony O'Hear compares the positions of these two thinkers with Austrian roots. For Hayek, socialism means slavery because in a planned society the exercise of individual freedom will continually be thwarted by those in charge of planning. Popper's concept of the "open society" is based on similar arguments. Hayek and Popper agreed that any attempt to restore a more organic form of society will result in some form of despotism.

Aeon J. Skoble praises Hayek's writings on philosophy of law as a crucial contribution to this area. The distinction between law imposed by the sovereign ("legislation" in his terms) and law emerging from a spontaneous process ("law," e.g., English common law) is central for understanding Hayek's position. Common law is stable and vital, adaptable to new developments. The very mechanism of top-down legislation has a tendency against liberty. Although grown law is superior, legislation is necessary as a correcting device. A

clear distinction between good and bad legislation remains open. Too much legislation in Hayek's view not only results in an actual decline in liberty, but also in a decline in society's understanding of liberty. Jeremy Shearmur deals with similar questions as they arise in Hayek's politics.

Hayek deserves a peculiar place in the liberalism of the twentieth century, Chandran Kukathas observes. In a very interesting article with extensive background information, he presents Hayek's liberalism as a response to socialism, rooted in the traditions of Austrian economics and Scottish Enlightenment. It was not his theoretical work but practical concerns that led him to his political writings. He saw civilization threatened by the growing acceptance of socialist ideas. His answer was a liberal concept, presented in a new and unique argument.

"Was Hayek a conservative?" Roger Scruton asks. In a way he was because he defended the free market as well as customs, tradition, and morals that put constraints on the market. However, something is missing in his work that is essential for conservatism. A society, Scruton argues, is not only based on the obedience of certain rules of conduct. Without membership in a society, there is no motive to obey the rules. Where the experience of membership is absent, society fragments into families, gangs, or clans. Hayek neglects the emotions and motives that are presupposed by the liberal society and that inevitably surface in, and draw limits to, the institutions and laws of a free society. He is therefore unable to explain the popularity of socialism, which is founded on a deeply held underlying belief in equality that for many precedes any debate about society and its institutions.

Edward Feser interprets Hayek's *The Sensory Order* as a work of philosophy of mind and praises it as a successful attempt to develop a naturalized concept of the mind. The human mind is the result of an evolutionary process of interaction with the world, in particular with society, as he and Gerald F. Gaus point out. We therefore do not have a privileged position from which we can examine society as a whole. Hayek explains the limitations of our knowledge using the following argument. Any apparatus of classification must have a structure of a higher degree of complexity than is possessed by the objects that it classifies. No explaining agent can therefore explain objects of its own degree of complexity. This does not mean that there is any particular concept that cannot at least in principle be made conscious, but that not all such concepts can be made explicit at once. Popper objected that this theory does not solve the problem of how neural wiring, however complex, is associated with meaning.

This Cambridge Companion clearly presents from various perspectives Hayek's extensive body of work, his line of thought, and his contributions in many fields. It also discusses the limits of his ideas and the questions he left open and sketches recent developments in the reception of Hayek in the scientific world. It can be highly recommended as a guide to Hayek's thought.

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