Review

Hayek. A Life 1899-1950 by Bruce Caldwell and Hansjoerg Klausinger

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Hayek. A Life is not a biography of F. A. Hayek's entire life; as the other part of the subtitle indicates, this book covers Hayek's life from 1899 until 1950. It begins with a detailed account of Hayek's family and his birth and it concludes with his decision to leave England. It covers the time from his early life, through his educational years, and his first marriage. It details his time teaching in Vienna and then his years in England. It ends as he divorces his wife and leaves his two children and moves to the United States. It is not a complete biography since Bruce Caldwell and Hansjoerg Klausinger are finishing their companion volume which will cover Hayek's life from 1950 until his death in 1992. *Hayek. A Life 1899-1950* is not so much an intellectual biography as it is a lengthy volume about his life. It is a book which reveals much about F.A. Hayek as a scholar, a professor, and especially as a person.

EARLY LIFE

The book provides far more than just than bare facts. This is especially true regarding the period from Hayek's birth until his maturity. In "Part I A Viennese Youth" Caldwell and Klausinger discuss in detail Hayek's parents and grandparents and their city Vienna. Caldwell and Klausinger often refer to Friedrich August von Hayek as Fritz. They note his father's influence on Fritz' youth which ranged from literary favorites like Goethe and Schiller to their shared love of biology and the outdoors. Hayek did not suggest that it was his love of the outdoors that contributed to his poor performance in school; rather, he was often bored because it was not at all intellectually challenging. It also did not help that the precocious boy was independent- minded and even rather rebellious. His parents had him change schools but that did not help him much. While his grades showed that he was often at the bottom of his class, his fellow students recognized his wide-ranging knowledge. His classmates regarded him with almost a sense of awe—Fritz seemed to know about everything "(except, perhaps, the one then being taught)" (p. 52). The final two chapters of Part I deal with anti-Semitism and the war. Caldwell and Klausinger note that anti-Semitism was widespread in Vienna and his family was anti-Jewish but that Fritz did not share their prejudices. Fritz did not join the war effort at first because of his age, but then he sat for an exam that allowed him to become a cadet. Caldwell and Klausinger admit that not much is known about Hayek's time at the Italian front. There are two sources—his diary which was more of a "datebook" and does not tell much, and his correspondence. It is from his letters to his family that we can determine that it was

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the death of his childhood friend Walter Magg that left Fritz "emotionally shaken" (pp. 75-76). Just before the war ended, Fritz forgot to take his quinine and contracted malaria (p. 83).

TEACHING LIFE

For someone who apparently enjoyed giving lectures, Hayek seemed less than enthusiastic about teaching. Although he set his sights on gaining a professorship and remained in academe most of his life, he seemed uninterested in actually teaching students. Although he was considered a fairly good lecturer at the London School of Economics, he was apparently more comfortable performing administrative duties and discharging editorial tasks than dealing with students and grading papers and exams. The exception appears to be graduate seminars, many of which he held jointly with other professors at LSE. But after World War Two when Hayek was seeking a position in America, he made it rather clear that he did not want to be in a lecture hall or classroom in front of students, but in an office or library doing research.

"Part II A Broadening of Horizons" covers approximately five years of Hayek's early life, from the time he returned to Vienna from the war until his first trip to the United States. Caldwell and Klausinger suggest that the horrors of war and the economic aftermath did not appear to have affected Hayek; instead, he worked hard and played hard: during the day, he threw himself into his university studies and in the evening, he danced. It is about this time that his "relationship with his cousin, Helene 'Lenerl' Bitterlich, apparently deepened." (p. 96). Lenerl would continue to play a crucial role throughout the rest of Hayek's life.

Hayek took advantage of the university's policy of letting students take courses in various subjects: he was studying law but he took courses in philosophy and in psychology—both would have lasting impacts on his intellectual interests. His concern with economics also stems from this time; first with courses given by Othmar Spann and then Friedrich von Wieser. While he became a favorite student of Wieser's and later edited a volume of his works, it was Spann who recommended Fritz read Carl Menger's works (pp. 137-138). But it would be Ludwig von Mises who would have the lasting effect on Hayek in terms of the study of money and inflation and socialist economic calculation (p. 143).

As Hayek was finishing his degree in law he was also looking for work. He went to see Ludwig von Mises who was one of the directors at the "Austrian Clearing Office for War Debts" ("Österreichisches Abrechnungsamt für Kriegsschulden", or "Aba") and it was there that he met his future wife Helena (Hella) Fritsch. Working as a secretary with a sound knowledge of law and economics, Hayek appeared to enjoy his time at the Aba. It not only paid well but put Hayek into daily contact with Mises. It also allowed him to get to know Hella much better (pp. 141-142). It also gave him considerable free time to enjoy the outdoors and to attend public lectures.

The American economist Jeremiah W. Jenks presented a paper on currency in Vienna on October 25, 1922 and Hayek was in the audience. He later introduced himself to Jenks and he told him of his interest in visiting the United States. Jenks encouraged him to do so, but Hayek had to pay his own way. Wieser and Schumpeter gave Hayek letters of introduction (pp. 156-157). Before he left, he finished his thesis which was graded by Othmar Spann and Hans Kelsen. Despite his disagreement with Hayek, Spann approved of the thesis on the theory of imputation and announced it "Excellent" to which Kelsen added simply "Agreed" (pp. 159-160). The final chapter of Part II details Hayek's journey to America where he stayed for more than a year. He attended New York University and was expected to write a dissertation. According to Caldwell and Klausinger, he never intended to follow through because of his poor English. They also indicated that Hayek found America too noisy, too crowded, too crass, and lacking culture. But they suggest that Hayek based his opinions about the United States primarily on his long-term stay in New York City (pp. 176-179, 183).

SCHOLAR'S LIFE

As much as Hayek had set his sights on an academic career, it took him a number of years before he became a professor. This is the subject of "Part III The Making of an Economist." After his return from America, Hayek needed to "reestablish his ties" to the university and especially to the Economics department. What he encountered was the conflict between Mises and Hans Mayer. Mayer had been chosen to be chairman over Mises, much to Mises' dismay. Caldwell and Klausinger maintain that there were a number of "flash-points" between Mises and Mayer: Mises was a classical liberal and Mayer was not; while Mises resented Mayer's elevation, Mayer was envious of Mises' success with his private seminar (pp. 205, 208-209). Hayek had little regard for Mayer, but he continued to be impressed with Mises. It was Mises who created the Institute for Business Cycle Research and who employed Hayek. There, Hayek was able to do research and consider a future academic career (p. 228). Mises' choice of Hayek also allowed Fritz to attend conferences and it was there that Hayek would meet John Maynard Keynes and William Beveridge (pp. 234-235). It was during the second half of the 1920s that Hayek was working on two book projects as well as editing. All of this was done with the goal of being appointed to a university professorship (p. 256). He would not become a professor in Austria for decades; he would first become a professor in England.

"Part IV Hayek in 1930s England" is the account of Hayek's move to England and more than half of this Part is devoted to his life at the London School of Economics (LSE). As Caldwell and Klausinger observe, LSE would not have seemed to be a welcoming institution for someone like Hayek. They remind us that LSE was founded in 1895 by the Fabian socialists. Although they rejected Marxist philosophy the founders still believed in socialist ideals. The path towards realizing those lay mostly in education with a priority of empiricism over pure theory. However, Hayek the theorist was to be a part of this education. It was William Beverage who issued the invitation to Hayek; Beverage had been the director of LSE since 1919 and had met Hayek in 1928 (pp. 273-274, 277). Hayek was invited to London to give the University Lectures which he did over four days at the end of January 1931. Caldwell and Klausinger maintain that "from all accounts" Hayek's lectures "were a smashing success." They attribute that to his "full command of the history of monetary theory", his penetrating analysis, and his reasonable policy suggestions—"It was a tour de force" (pp. 282-283). Much of this Part is devoted to Hayek's close friendship with his LSE colleague Lionel Robbins. It is also devoted to clarifying Hayek's relationship with John Maynard Keynes (pp. 291-306). Hayek began his time at LSE as a much sought after thinker, but towards the end of that period he found that most everyone had been converted into Keynesians (see pp. 344, 364).

Caldwell and Klausinger spend considerable effort in detailing Hayek's criticism of planning. They suggest that Hayek objected to socialism because it lacked real competition and because it embraced unrealistic goals. The authors also spend considerable effort in detailing Hayek's time at LSE. They note that Hayek's ideas were not always the clearest and they recount a story in which an argument broke out about whether Hayek "was lecturing in English with a strong German accent or in German with an English accent" (p. 343). Caldwell and Klausinger suggest that Hayek's "unassuming personal style" was not a pose but may have been a combination of the recognition that he was a "stranger in a strange land" as well as "a reflection of his own personal tastes" (pp. 357-358). He was, after all, a cultured man from Vienna.

Hayek had been working on a book since the late 1930s and after numerous delays it was published in the winter of 1941. *The Pure Theory of Capital* is regarded as both "magisterial" and "tedious"—even Hayek confessed that it was "'a rather arid tract'". But as Caldwell and Klausinger point out, the reader does not encounter this confession until after laboring through "seventy pages of introductory material" (p. 374).

"Part V Fighting the Spirit of the Age" is meant in two ways: Hayek's fight for liberalism and his fight against socialism. Although Hayek is often considered a neo-liberal, he was convinced that he was more like a traditional British liberal. He believed fervently in the fundamental rights of freedom of conscience, religious tolerance, and constitutional restraints on political authority (pp. 439, 564). What he strenuously objected to were the so-called "men of science" who insisted that "science was to aid man and only socialist science could do so" (pp. 440-445). But the "men of science" had no clue and they did not realize that

planning does not lead to prosperity but to impoverishment (p. 454). Caldwell and Klausinger repeatedly emphasize that Hayek believed that his classical liberalism lay between conservatism and progressivism (p. 456).

Three of the chapters in Part V are devoted to Hayek's book *The Road to Serfdom*. Instead of continuing to pursue his efforts to write a book on the abuse of reason, in 1941 Hayek decided to turn his attention to what would become his most famous book (pp. 516-519, 541). Its history was not positive—it had been turned down by three publishers in the United States but it was accepted by Routledge in England. It was only by some interventions that the University of Chicago Press accepted it (pp. 524-526). Of course, the book's reception would radically change with the publication of it in installments in *Reader's Digest*. That led to a number of things: Hayek's grand tour promoting his book in the US, his connections to Walter Lippmann, and to his relationship with Karl Popper. What he shared with both Lippmann and Popper was a commitment to liberalism and the belief in the power of education.

The final part, "Part VI Changing Worlds," discusses the changes in the real world as well as the changes in Hayek's world. Many of these changes overlapped. In particular, Hayek wanted to rehabilitate Germany but he recognized the challenges that he and others would face. They could not impose their liberal ideas and ideals; they needed Germans to recognize and adopt them as their own. This did not mean that Hayek and his liberal minded allies could do nothing. Rather, Hayek envisioned a group that would be dedicated to spreading liberal values by intellectual discussions. He wanted to name it after Lord Acton because of his German training but Hayek's friends pointed out that Acton was not only a devout Catholic but that his name would be too unfamiliar (pp. 592-593, 596). Hayek thought that the name Acton-Tocqueville would be workable but he was not able to convince people that the name was right nor could he secure financial backing. He was not successful but he was unwilling to give up his dream of establishing a scholarly group devoted to classical liberalism. He was finally able to achieve that when he arranged for a number of his scholarly acquaintances to meet at Mont Pèlerin in eastern Switzerland. A group of 39 scholars met for two weeks in early April, 1947 and the group was dedicated to the renewal of liberalism in Europe. Hayek explained in his paper that competition in his vision of liberalism was crucial; however, the state was necessary to ensure that competition was "effective and beneficial". Unlike those who embraced laissez faire economics, Hayek insisted that the state was necessary, just that it should be minimal (pp. 648, 654-655, 662-664). Not everyone was convinced that the idea of the state was warranted—Mises supposedly shouted "You're all a bunch of socialists" and stomped out (p. 665). There was also disagreement about a statement of principles and even about the proper name. The group fought over the ten principles that had been proposed, so Lionel Ribbons was tasked with drafting a new statement. He had it ready the next morning and it had six principles. Then there was the debate about the society's name: Hayek's Acton-Tocqueville was rejected as Robbins's the Protagonist Society. Several others were offered when another participant offered "the Mont Pèlerin Society" to which Popper responded: "That is meaningless." Caldwell and Klausinger added "It was sufficiently inoffensive that the group ultimately adopted it" (pp. 669-670).

PERSONAL LIFE

There is no particular part or even section devoted to Hayek's personal life; rather, it is expertly woven throughout the book. But the final three chapters of Part V are largely focused on the Hayek's family life. Some of his history is drawn from others' accounts and some of it is based upon Hayek's letters. But a large amount of it is taken from two major sources: Hayek's own later recollections and from Caldwell's interviews with Hayek's daughter Christine. Hayek's memory was not always perfect and it appears that Christine's account is somewhat biased. In any case, Hayek's personal life was anything than straightforward.

In the years before Hayek took his extended trip to America, he had been on very close terms with Helene—"Lenerl." She was evidently in love with Hayek and Hayek was apparently smitten with her (pp. 96-98). However, he could not, or would not, bring himself to commit himself to her. During Hayek's absence,

she accepted the marriage proposal from Hans Warhanek who was a friend of Hayek. Lenerl and Hans married in 1923 and had several children. Caldwell and Klausinger are at a loss to explain Hayek's puzzling early relationship with Lenerl. They offer some possible answers before announcing "For all of his intelligence, women appeared to have been a complete mystery to him" (pp. 163-165). It seems as if Hayek was also a mystery to his wife and to his daughter.

When Hayek returned to the Aba in June, 1924, he renewed his contact with Hella. Just under two years later they became engaged and were married in August of that year. Caldwell and Klausinger discuss Hayek's parent's later lives; his father had contracted blood poisoning from an accident in 1910 and he never fully recovered. He died in 1928 at the age of fifty-six (p. 222). Hayek's mother had always been athletic and liked being active outdoors—something that Hella had in common with her mother-in-law. Fritz and Hella had two children: Christine Maria Felicitas (the Felicitas was in honor of Fritz' mother) who was born in July 1929, and Lorenz (Laurence) who was born in July, 1934 (pp. 224-225, 405). Although the Hayeks were living in London in 1934, Hella decided that she would feel more comfortable returning to Vienna to give birth to her son. That turned out to have been a good decision because the birth was problematic (pp. 405-407).

According to Caldwell and Klausinger, Hella was both a good mother and wife. She did most of the cooking and took care of the children; she also watched over her husband. Caldwell interviewed Christine in October of 2012 and in one, Christine spoke of her mother: "She jolly well had to be practical because my father had *no idea*…" (p. 404). Christine was the source of much of the information regarding her father's life, but it is fairly obvious that she was not overly fond of him. On the one hand, she recounted how her childhood was relatively normal and even during the war her life seemed pleasant (pp. 490-491, 506-507). But she also complained that her father was often at home and that meant that she and her brother had to keep quiet. She told Caldwell that her father appeared much different to his colleagues than he did to her. To her, she appeared distant and dour but to others he was warm and outgoing. He might have been a friend to other people; but she added "he wasn't *our* friend" (pp. 403, 514, 692). Of course, Christine was mostly justified in her negative opinion of her father; after all, he abandoned her, her brother, and their mother—all because of Lenerl.

The relationships between Hayek and Hella, and especially between Hayek and Lenerl were convoluted and confusing. Caldwell and Klausinger are excellent at explaining the arrangements without much judgment. By mid-1934, Hayek had realized that he had made a terrible mistake and that he had married the wrong woman. It was around that time that Hella had their son Lorenz and she thought that would strengthen their marriage but it did not. Hayek brought up the subject of divorce, but Hella, who disliked conflict, simply refused to hear about it. Hayek would see Lenerl when he visited Austria. The war put a stop to that: Hayek would not see Lenerl or his mother until well after the war ended. It was after Hayek returned from another trip to the United States that he explained that he was insisting on a divorce, would provide financially for Hella and the children, but that he wanted to start a new life with Lenerl—who was willing to join him (pp. 682-683). Caldwell and Klausinger detail Hayek's legal problems with getting a divorce and how he had to take a position in Arkansas in order to obtain one. They also discuss how wounded Hella was and that she was justified in doubting Hayek's promises of money. Finally, they seem to side with Lionel Robbins who sided with Hella and broke off his lengthy friendship because of Hayek's reprehensible behavior. All of this took its toll on Hayek as well—he suffered emotionally and physically (pp. 702-705, 710-720, 722). Hella had not wanted to grant Hayek a divorce, but Lenerl's husband Hans was willing to grant her one. But before it was granted in Vienna, Hans was hospitalized with pleurisy and died. Lenerl blamed herself for her husband's death and had a nervous breakdown. Caldwell and Klausinger suggested that that her attitude might not have been totally reasonable—and they note that Hayek was unable to help her because he was in Arkansas (pp. 724-725). They conclude by observing that "The divorce clearly left no one unscathed, and the scars would last for years." Hella lost her husband, Christine and Lorenz were told that their father would not return. Lenerl lost her husband Hans and her own two children lost their father.

"Finally, Fritz had lost his best friend"—Lionel Robbins (p. 730). Hayek would begin a new life in a new world with a new wife and a new job. This will be the story in their next volume.

HAYEK'S LIFE: AN EVALUATION

Hayek. A Life raises a number of questions. They range from the mundane: many accounts indicate that Hayek did not use the "von" in his name when Austria dispensed with titles after the war. Yet he often used it—as in his name on the masthead of the journal that he helped edit *Economica.* Caldwell and Klausinger suggest that he dropped the "von" in 1945 when his opponents were referring to this "German" professor as "Professor Friedrich August von Hayek" (pp. 514, 567, 582, 584). Another question is more scholarly: the authors never fully answer the question of how many critics could miss the fact that Hayek was no progressive but he was also no libertarian. Hayek was constantly trumpeting the liberal virtues of freedom, tolerance, and moderation (pp. 533, 564, 642, 662). Finally, which Hayek is it: the suave, cultured, diplomat or "the prof in the study" who never had a clue (pp. 403, 506, 692). These are questions that are never answered. It may be that there are no definitive answers to these questions, but the authors might have admitted as much.

More importantly than those questions; there are two problems with this book; one is mostly subjective and the other is rather objective. Regarding the first, some readers will tire of amount of space devoted to Hayek's father, mother, and brothers, and perhaps even more, to his other relatives. Some readers may wish to have less detail regarding some of the accounts of Hayek's interactions at conferences and in seminars. But these are largely subjective issues. But there are more serious implications regarding the rather objective problem. Caldwell and Klausinger correctly object to some of the "lazy characterizations" of Hayek (p. 565), yet they are often guilty of the same transgression. For some examples: Alfred Schütz is portrayed as a mindless critic, Werner Sombart is blasted because of his nationalism, and Edgar Salin is simply labeled a "neo-romantic." Wilhelm Dilthey and Ernst Troeltsch are dismissed as historicists, Hans Kelsen is taken to task for the "weaknesses" of his legal positivism, and Karl Mannheim is constantly derided as an ignorant planner. But Caldwell and Klausinger never explain either what legal positivism is or tried to understand what it actually meant. They also do not describe what historicism was and why some found it so objectionable. Similarly, they do not offer an account of the "Kulturkampf" and even more important, they do not spend much time on the "Methodenstreit." As a result, the reader does not learn why Carl Menger was so important to Hayek and why Hayek was so preoccupied with developing a theory of money. And, it was Menger who had insisted that history was just as important as theory—which is another reason why Hayek revered Carl Menger. These omissions cannot have occurred because of concerns about space: the References alone are more than 70 pages.

These are serious problems but they do not diminish the value of this book. Bruce Caldwell and Hansjoerg Klausinger have done an admirable job in detailing the first fifty years of Hayek's life. It took them more than a decade for *Hayek. A Life* to be written; let us hope that their second volume does not take that long. Anyone interested reading about the life of one of the twentieth century's leading intellectual will find *Hayek. A Life* to be richly rewarding.