
Between the Leviathan and the Laissez-Faire: Comparing the Political Philosophy of Keynes and Hayek

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Résumé

Conventional wisdom regards Keynes and Hayek as belonging to the liberal tradition. Indeed, both authors have systematically proclaimed their liberalism in their works. However, when one tries to identify what type of liberalism they profess, one discovers radically different stances in certain areas.

This paper contrasts Keynes's and Hayek's definitions of their own political views. It presents what type of liberalism they embrace through the question "what type of political animal?" The answer will lead to distinct attitudes to liberal values. Also, the role of government action in the economy is also investigated. The scope assigned to the State in their political philosophy reveals a strong antagonism between them.

Not only the emphases are distinct, but also their sources of inspiration are different. In a gradient of liberal ideas, one could say that while Hayek embraces a "right-liberalism", or a more conservative liberalism, Keynes champions a "left-liberalism", or a more reformist liberalism.

The most pressing issue in which the antagonism between Keynes and Hayek unavoidably arises is the role of the State. Whereas Keynes sees the State with an important role to play in the texture of economic affairs, such as to maintain adequate levels of employment and income through public expenditures, as well as concern with the appropriate political conditions necessary to support social and economic stability, Hayek stresses that deliberate and systematic public actions, the unjustifiable interference of the State in both economic domain and private individual life, is the easiest road to increase the degree of coercion on the individual. For Keynes, the State can guarantee an adequate reproduction of the economic system via the stabilisation of the marginal efficiency of capital and, as a consequence, of the effective demand. For Hayek, the State is a permanent menace which tends to destroy the basis of the capitalist order, which is grounded on individual freedom (defined as the inverse of the degree of coercion exercised by one individual on another). Keynes wants the State harmonising the operation of the capitalist machine; Hayek does not want the State acting on the institutions of a free society at all.

The paper starts with Keynes's ideas about the "New Liberalism", a quite reformulated approach of the liberal view, for in it the State has an important and crucial role to perform. Then, it presents Hayek's basic ideas on the essence of a genuine liberal attitude, as contrasted to both conservatism and the "rationalistic" liberal type he abhors. Finally, the paper explores the most important differences between Keynes's and Hayek's liberal political philosophies.

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