



# Hayek's Divorce and Move to Chicago

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The personal life of a great intellectual is not always highly pertinent. Although Friedrich Hayek may have been, in his son's words, "the great philosopher with feet of clay" (L. Hayek 1994–1997), his clay feet would not necessarily detract from his scholarly contributions. But since Hayek was a moral philosopher—his title at the University of Chicago was Professor of Social and Moral Science—his personal life may be more relevant than would be the case for intellectuals in other fields.

The history of Hayek's personal life has not always, to this point, been accurately told. The story of his divorce and move to Chicago has often been presented as one in which he discovered after World War II on a visit to Vienna to see his mother and other family members that a distant cousin of his, Helene Bitterlich, with whom he had a relationship as a young man, felt free to marry him. After Helene's husband died, she and Hayek decided to marry, requiring Hayek to divorce his first wife, the former Hella Fritsch. At the same time, it has been suggested, he began to feel out of place in England in the immediate postwar era as a result of the policies of the first Labour Party government. He relocated to America, having first sought a post in the Economics Department at the University of Chicago and then, after being turned down by it as a result of *The Road to Serfdom* (1944), having been offered a position in the Committee on Social Thought. But almost no aspect of this presentation is entirely correct, much of it is factually inaccurate, and much else is omitted.

During the 26 years since he died in 1992, considerable information has be-

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come available about Hayek's personal life. This includes material on his divorce, second marriage, relocation from the London School of Economics to the Committee on Social Thought, and relationship with the Chicago Economics Department. The purpose of this article is to present much of this information—building largely on extensive archival research by a number of scholars and the memoir of Hayek's last and longtime secretary, Charlotte Cubitt (2006), which is essential reading for anyone interested in the life of Hayek. Together with information this writer has collected, it is now possible to portray Hayek's divorce and move to Chicago more accurately than has previously been the case.

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Hayek was born in 1899 in Vienna, then capital of the far-flung and ramshackle Austro-Hungarian Empire. His immediate family was progressive and tolerant. His father was a medical doctor and botanist. Though his family was nominally Catholic, Hayek was discouraged at a young age from becoming too interested in religion. At one point in high school, he got in trouble with the school authorities for reading socialist literature during a divinity lesson. From when he was a teenager onward, he was a lifelong agnostic.

There is nothing in his work to suggest Hayek was a puritan or a prude. In *The Constitution of Liberty*, he advocated legalization of homosexual acts (Hayek 1960, 451). He wrote in *The Fatal Conceit*: “I believe that new factual knowledge has in some measure deprived traditional rules of sexual morality of some of their foundation, and that it seems likely that in this area substantial changes are bound to occur” (Hayek 1988, 51).

The best work to date on Hayek's divorce and second marriage is by Kenneth Hoover (2003). As Hoover traced, Hayek and his second wife had had a long-standing relationship while both were married to their first spouses. This is also indicated in a 1950 letter from Hayek to Karl Popper, where he said: “This is a story which goes fifteen or rather thirty years back. We ought to have married then... For a long time we tried to stick it out. But it is now nearly fifteen years that I first tried to persuade my wife to give me a divorce” (quoted in Howson 2011, 705). Hayek thus asked for a divorce as early as 1935. Hoover wrote that in 1934 Hayek “traveled alone to Carinthia and visited his first love, Helene Bitterlich Warhanek. They stayed up long into the night talking of their feelings for each other and...decided then to seek a way of being together for the rest of their lives. Up until the outbreak of the war, they saw each other three or four times a year” (Hoover 2003, 107). “Hayek had fallen in love with his cousin Helene Bitterlich prior to leaving for America” in 1923, Hoover also wrote, “and had wished to marry her. Apparently misunderstanding his intentions, she accepted the proposal of Herr [Hans] Warhanek, a rival suitor favored by her family who had become

involved with her during Hayek's absence in America" (ibid., 74).

Helene's own depiction of her early relationships was communicated to Cubitt, who presents it as follows:

She had never been in love with her first husband. She had married him solely to have children, but had learnt to love him in time. She had got to know him because he had frequently been admitted to their home, and she had been carried away by his ardent wooing. She should not have allowed him to do what he did, so she had to marry him, and while she was still suckling her first child Hayek had reproached her for marrying too quickly, and had urged her to seek a divorce. From that moment on she had been the victim of constant ups and downs, believing at one time that divorce was possible, and at other times that it was not. (Cubitt 2006, 211)

Cubitt remembers Helene, Hayek's second wife, as an attractive woman and describes a photo of her as a young woman: "Helene Bitterlich, as she was then, was dressed in the kind of costume I associated with the Edwardian age and looked perfectly stunning. It was small wonder Hayek had fallen in love with her and could never forget her" (ibid., 65).

Hayek returned to Vienna in 1924 from his postgraduate sojourn in the United States. On August 4, 1926, he married Hella Fritsch, a secretary in the office in which he was employed. He later recalled that she was a "very good wife to me, but I wasn't happy in that marriage" (quoted in Ebenstein 2001, 169). He and Hella had two children, Christine born in 1929 and Laurence born in 1934. In 1931, the family moved from Austria to England when Hayek received a professorship at the London School of Economics (LSE). Helene and Hans Warhanek also had two children, Max born in 1924 and Hans born in 1926.

Hayek and Helene's decision in 1934 that they must be together was delayed by the chaotic European political scene in the second half of the 1930s and then by World War II, which commenced in Europe in September 1939. Hayek later recollected that he visited Helene in Austria as late as the summer of 1939, "even though it was likely that war might break out at any moment" (Hayek 1994, 137). As a result of the Soviet Union's occupation of Vienna following the war, it was not possible for him to visit Helene again until the winter of 1946–47. Hoover said of this trip that Hayek was "reunited once again with his first love, Helene Warhanek... The experience of their reunion moved him deeply. Hayek and Frau Warhanek decided to seek divorces" (2003, 188).

It was not possible for Hayek to effectuate a divorce and then marry Helene without a larger income than he received from LSE. He would simultaneously have to provide both for Helene and his first family. He accordingly began to look for a position in the United States. He later wrote that he "should never have wished to

leave England,” as a result of the close cultural and intellectual affinity he had come to feel for it, had it not been in the “first instance solely that it offered the financial possibility of that divorce and remarriage which I had long desired and which the war had forced me to postpone for many years” (1994, 126). Notwithstanding the success of *The Road to Serfdom*, he was never rich, or even especially well-off, until late in life.

Helene’s husband acceded to a divorce, but Hayek’s wife did not. Hella had, from her perspective, done everything required of a wife. She had dutifully moved to England when the LSE offered Hayek a professorship in 1931. At the beginning of 1947, their children Christine and Laurence were 17 and 12 years old. They were thoroughly Anglicized, especially as a result of experiencing World War II in England together with no trips to Austria during the war period. They were never going to move to Austria to live.

Hella felt obligated to remain in England, because this was where her children were going to live. She had done nothing wrong, as, indeed, Hayek later acknowledged. She had no independent means of financial support. In an era when divorce was uncommon and frowned upon, her life would be shattered, especially given the circumstances of a double divorce to be followed immediately by Hayek’s marriage to Helene. Lionel Robbins, who would correspond to Hayek on Hella’s behalf during the final stages of their divorce, wrote at that time: “To grow old alone in a land which is not one’s own by birth is not a cheerful prospect” (quoted in Howson 2011, 704).

Hayek and Helene were nevertheless determined to marry. He made several attempts to be appointed to an academic position in the United States after his winter 1946–47 trip to Vienna. Prior to this time, he had not sought a post in America. He visited Helene in Vienna a number of times in the late 1940s after his initial postwar trip, spending part of the summer of 1948 at the University of Vienna.

Following his return from the first conference of the Mont Pelerin Society in April 1947, he actively sought an academic position in the United States. Though this was largely for financial reasons, he may also have realized that his circumstances in England would be different after the successful completion of his and Helene’s plan. A double divorce, especially if his first wife opposed it, would have been somewhat notorious and sensational (Cubitt 2006, 66, 67). He was a public figure in England. In addition to publishing *The Road to Serfdom* and being a prominent economist, he was a figure in the 1945 first postwar Parliamentary election in which Winston Churchill was defeated. Churchill alluded to Hayek’s ideas in his first campaign radio address, on June 4: “My friends, I must tell you that a socialist policy is abhorrent to the British ideas of freedom. . . . No socialist system can be established without a political police. . . . They would have to fall back on

some form of Gestapo” (Churchill 1974, 7171–7172).

This speech backfired, especially Churchill’s reference to the Gestapo, which became the most referenced part of the address. He seemed to equate his former partners in the wartime coalition government—including the Labour Party’s Clement Attlee, who had been Deputy Prime Minister and who was now running against him—with the Nazis right as the worst news about Germany during the war was coming out: the concentration camps and genocide practiced against Jews. Attlee pounced. In his own nationwide radio speech the next night, June 5, Attlee said that Churchill’s position was the “second-hand version of the academic views of an Austrian professor, Friedrich August von Hayek” (quoted in Morgan 1985, 39). The following day, the *Manchester Guardian* headlined a front-page story “Second-Hand Ideas from an Austrian Professor,” citing Hayek. All the major papers reported the story, and some published excerpts from *The Road to Serfdom*. On June 17, the *Sunday Graphic* reported that the book had become the “nation’s number one talking point.”

In addition, it may be that Helene favored a move to America. Her relations with Hayek’s first family, long after Hella died, were always ice-cold at best and hostile at worst. In the same way that Hayek’s situation would be difficult in England, so Helene’s could have been in Vienna. Going to the United States might have been the best personal, as well as financial, course for both of them. According to Cubitt in summarizing a conversation with Helene: “The idea of going to the United States in order to enforce a divorce had come from her” (Cubitt 2006, 211). Further, it is an open question whether Helene would have liked to live in England, especially soon after World War II.

Hayek’s first attempts for a position in the United States were made mostly during the second half of 1947 and first half of 1948 at the Institute of Advanced Studies in Princeton and then at Princeton University itself, but neither bore fruit. Then, as he was casting about for a position elsewhere, an opportunity in the Committee on Social Thought at the University of Chicago emerged. The independent chair of the Committee, John Nef, was a great admirer of Hayek, and the chancellor at Chicago, Robert Maynard Hutchins, might look with favor on the conservative Volker Fund, which was Hayek’s chief financial sponsor in the United States, providing the financial resources necessary for an appointment.

In a May 9, 1948, letter from Hayek to Volker Fund director Harold Luhnnow, Hayek was very clear that he required a large salary in order to finance his personal circumstances (Hoover 2003, 190–191). The figure he mentioned was \$15,000 per year, which would have been a top academic salary at the time (*ibid.*). During the remainder of 1948 and early 1949, negotiations for a post on the Committee on Social Thought were successful. Hayek hoped he would be able to start at Chicago in the fall of 1949, but Hella was adamant in refusing to give him a divorce.

At this point, according to Hoover, Hayek's "situation at home had now become a full-blown crisis.... [Hella] informed him in the fall of 1948...that she had taken legal advice and would resist the divorce and had been ensured that he could not get a divorce without her cooperation. She refused henceforth to discuss the matter... she averred that she would take action to annul a divorce" (2003, 192). What was Hayek to do?

Hayek and Helene's intention to obtain divorces and marry each other was not known to his friends and colleagues, with the partial exception of Robbins. The Robbinses and Hayeks were very close personally. They lived near each other in the Hampstead Garden suburb of London, along with other members of the Economics Department. Robbins played the major role in Hayek coming to LSE in 1931, they co-taught the major seminar in economics at the school, and Robbins was a charter member of the Mont Pelerin Society and played a significant role at the first meeting in 1947. Hayek later remembered that the Robbinses "became our closest friends" (Hayek 1994, 78) in London, and that he and Robbins had "the sort of informal friendship that one just walked into each other's houses at any time of day or evening" (quoted in Ebenstein 2001, 82). Hella Hayek and Iris Robbins, Lionel's wife, were close friends. Following the evacuation of children from London during the war, Hella and the Hayek children lived with Iris and the Robbins children for some months in Buckinghamshire. Robbins was godfather to Laurence Hayek.

During 1949, Hayek and Hella became even more entrenched in their positions. She wrote unsuccessfully to Nef in Chicago discouraging an appointment for Hayek, and Hayek developed a plan that did not require her approval or participation (Hoover 2003, 192–193). He would go to the Committee on Social Thought at Chicago for the winter quarter of 1950 on a temporary basis, four months later than he initially intended. He would then proceed to Arkansas for the spring quarter of 1950, as Arkansas at that time had among the most permissive divorce laws in the United States. Following a divorce in Arkansas, he would marry Helene in Vienna during the summer and they would thereafter journey to Chicago to begin their new life together. This is what they then proceeded to do.

As previously in the postwar period, 1949 was a year of travel for Hayek, with multiple trips to Vienna and elsewhere. From July 3 to 9, 1949, the Mont Pelerin Society held its second conference in Seelisberg, Switzerland. On December 27, 1949, he left his family home in London, never to return. He headed first to the American Economic Association conference in New York and then to the University of Chicago and his temporary winter 1950 post with the Committee on Social Thought. Since he would thereafter establish residence in Arkansas in order to petition for a divorce, and had to attest to residency in Arkansas, his permanent appointment on the Committee could not commence until the fall of 1950.

In February 1950, having arrived in Chicago and establishing that circumstances were satisfactory there and it would be possible to effectuate his divorce in America, he resigned his position at the London School of Economics. This took Robbins and others in London by surprise. They had thought he was taking another of his extended visits abroad as he had several times since 1945. When Hayek left England at the end of 1949 for a temporary appointment with the Committee on Social Thought, he did not inform his LSE colleagues that he did not intend to return. Now, in a letter to Robbins on February 16, 1950, he acknowledged that his resignation would be “a great shock” (quoted in Howson 2011, 704). He asked Robbins and his wife, in Susan Howson’s words summarizing this correspondence, to “help his wife as they would if he had died” (2011, 704).

Robbins acted appropriately in supporting Hella after Hayek left her. Robbins was a sophisticated man with high standards and a strong sense of what is right. Ludwig von Mises described him as someone “whom I and all people respect for his righteousness and fairness as well as for his keen judgment” (Mises 1947). Robbins could not have been expected to take Hayek’s side in the divorce. Hella was devastated and alone in England: she had no one to turn to but the Robbinses. It also bears mentioning that when in February 1950 Hayek sent his letter of resignation to LSE, he asked for a sabbatical leave and hence salary for the summer of 1950, though he would not be returning to the school. As recorded in the minutes of the LSE Standing Committee: “Professor Robbins said that the circumstances were unusual. Professor Hayek’s resignation was unexpected and would be a grief to his colleagues. If he had applied for sabbatical leave at an earlier point, it would have been felt that...he deserved it, and he personally would like to wind up Professor Hayek’s association with the School on good terms” (quoted in Howson 2011, 704). Though the sabbatical was not granted, LSE would now pay his salary through June, even though he was away.

Robbins corresponded with Hayek on behalf of Hella in the late winter and spring of 1950, when Hayek was at the University of Chicago and then at the University of Arkansas at Fayetteville. Robbins’s primary concern for Hella was not the divorce per se, but that Hayek had not made specific financial provisions for her. In addition, he was concerned personally (though not, as we have seen, professionally) with Hayek’s deception toward him and others regarding the purpose of his travel to America in January 1950 and with Hayek’s intention to seek a divorce in Arkansas which would not require Hella’s assent.

Following an acrimonious correspondence with Robbins, Hayek agreed to a divorce settlement in which he would pay Hella \$1,540 annually plus an additional amount to cover taxes on this payment. He also agreed to pay \$280 per year for each of their children until they were 21 years of age or had completed their education, again with an additional amount to cover taxes. He paid off the mortgage on the

family home in London (about \$3,500) and deeded the property to her, and he also made an annual payment to her of about \$470 for life insurance policies (*Hayek v. Hayek* 1950, Book 42, 193–196).

Hayek and Hella experienced great personal trauma during their divorce. But the greatest misfortune of Hayek's and Helene's originally planned double divorce and second marriage was that Helene's first husband died of a heart attack in the late spring of 1950, shortly before his and Helene's divorce had been finalized. According to Cubitt, Helene, "believing that her insisting on a separation had driven him to his early death, had a nervous breakdown" (2006, 141).

The 1950s were productive years in Hayek's extraordinarily fecund career. Four books followed in short order after his relocation to the Committee on Social Thought: *John Stuart Mill and Harriet Taylor: Their Friendship and Subsequent Marriage* (1951), *The Counter-Revolution of Science: Studies on the Abuse of Reason* (1952), *The Sensory Order: An Inquiry into the Foundations of Theoretical Psychology* (1952), and, as editor, *Capitalism and the Historians* (1954). In 1955, he and Helene traveled to Egypt where he gave the lectures that would form the basis of his great Chicago work, *The Constitution of Liberty*, in 1960.

He did not see his children much while his first wife was alive. His daughter remembers traveling with him in Italy and France once or so during the 1950s, and his son also remembered traveling a small amount with his father. Christine and Laurence did not visit him in the United States while he was at the University of Chicago. Hella died at age 58 in 1960. Soon thereafter, Robbins reconciled with Hayek. He penned a warm review of *The Constitution of Liberty* weeks after she died: "I have written as I should talk if we were having a friendly discussion in the staff seminar here, as we have done so often in the past," remarking on "Professor Hayek's luminous exposition" and concluding that the book was a "work which surely no one with even a bare minimum of magnanimity and sense of what is fine can read without gratitude and admiration" (Robbins 1961, 67, 69–70). The two men reconciled in person at the wedding of Hayek's son in 1961.

An old friend of Hayek's from Vienna, Fritz Machlup, said of Hayek's divorce and second marriage that he "married the woman he loved" (Cubitt 2006, 119). According to Cubitt, Helene said "they had done no wrong except for what she called the 'de facto' situation, namely that of being in love" (*ibid.*, 126).

Hayek was asked in a 1978 interview: "All of us in our lifetime have faced problems where we have said, 'Here is a moral standard, and I want to break it.' . . . You must have had some. Would you be willing to maybe indicate what some of those were?"

I know I've done wrong in enforcing divorce. Well, it's a curious story. I married on the rebound when the girl I had loved, a cousin, married somebody

else. She is now my present wife. But for 25 years I was married to the girl whom I married on the rebound, who was a very good wife to me, but I wasn't happy in that marriage. She refused to give me a divorce, and finally I enforced it. I'm sure that was wrong, and yet I have done it. It was just an inner need to do it. (quoted in Ebenstein 2003, 125)

In the video of this interview, Hayek appears to consider making a more detailed statement about his marital circumstances before backing off and making more general, less revealing comments. When asked as a follow-up question, "You'd do it again, probably," he responded after obvious agitation, discomfort, deliberation, and reluctance to answer, "I would probably do it again" (*ibid.*).

Hayek's family has remained very reticent to discuss his divorce and second marriage, as has Helene's (Warhanek 1999). In a 1999 letter, Laurence Hayek wrote of his father's divorce and second marriage that "the whole story was an episode of his life of which he was not proud" (L. Hayek 1999). Concerning his father's and Helene's relationship before they married, Laurence, who was loyal to both his father and his mother, once remarked, "I think it's pretty obvious what was going on" (L. Hayek 1994–1997). This writer had one contact with Helene Hayek, who died in 1996. She commented in declining an interview in 1995 that she was "very much alone without my husband" (quoted in Ebenstein 2003, 126). I was permitted to visit the Hayek apartment in Freiburg and look at his library and other rooms there. On his desk was the photo of Helene as a beautiful young woman in Vienna, so many years before.

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Hayek was European in outlook and had intended to remain in England for the rest of his life. In a May 1945 letter, he wrote that he would remain in England because the "decisive struggle of ideas will have to be fought in Europe" (quoted in Hoover 2003, 187). He said in the 1944 paper "Historians and the Future of Europe," which was the genesis of the Mont Pelerin Society, that "whether we shall be able to rebuild something like a common European civilization after this war will be decided mainly by what happens in the years immediately following it"; "the future of England is tied up with the future of Europe" (Hayek 1967/1944, 135). He also felt obligated to help rebuild the program at LSE in the immediate postwar period (Hoover 2003, 187). Before 1945, the only time he had been in the United States was during his postgraduate stay in New York in 1923 and 1924.

From April 1 to 10, 1947, he presided at the first meeting of the Mont Pelerin Society, which took up much of his time in the run-up to the conference and immediately following it. On June 3, 1947, he wrote to Jacob Viner (formerly at the University of Chicago and then at Princeton) asking whether he would participate in Mont Pelerin Society activities. He added as a postscript that if Viner heard

of an opening at the Institute of Advanced Studies in Princeton, whose faculty included Albert Einstein, he would be very interested (Hayek 1947a). This was less than five months after returning from Vienna and less than two months after the first meeting of the Mont Pelerin Society. Viner replied promptly, declining membership in the Society and saying he would check into opportunities for Hayek (Hoover 2003, 190).

The next month, Hayek wrote Viner again. Now the focus of his correspondence was employment. He wrote of his circumstances that most “teaching positions in the States are financially not attractive enough to compensate for the personal complications and extra financial burdens which a move to the States would in my case involve” (quoted in Van Horn and Mirowski 2015, 164), though he did not say what these complications and burdens were. He also mentioned, though he did not emphasize, the possibility that he might be able to obtain private funding for a position and indicated that part of his attraction to the Institute was that he would not have teaching responsibilities (Hayek 1947b).

In the coming year, his efforts to obtain a position in the United States intensified. In the late spring of 1948, Harold Luhnow of the Volker Fund and others renewed efforts to obtain a position for him at the Institute of Advanced Studies, but these were unsuccessful. Robert Oppenheimer, director of the Institute, wrote: “In the past, the Institute has not accepted, and in the future it probably cannot properly accept, funds as specifically allocated by the donors as would be implied by your offer” (quoted in Van Horn and Mirowski 2015, 164). Kenneth Hoover commented: “The principle was fundamental to academic freedom. University professorships should not be controlled by outside interests who wished to borrow academic credibility for the advocacy of their positions” (2003, 190).

Hayek wrote to Viner again, on June 11, 1948, expressing interest in a research professorship at Princeton University itself, independent of the Institute. Hayek had no hesitation at this point to “accept a position at an academic institution out of means provided by [the Volker] fund” (quoted in Hoover 2003, 191). Viner wrote back that other Princeton authorities, too, found a Volker-funded, permanent appointment “impossible to accept.” “I think you are going to run into the same situation,” Viner added, “at any of the respectable institutions; they will be reluctant to appoint to their staffs anyone...proposed to them from outside.... [W]ould it not be a possible solution if your contract were with the sponsoring foundation and that the only relationship of the university to you and the foundation would be that they would agree to accept you as, say, a ‘guest professor’ with no duties and with the privileges of a guest only?” (Viner 1948). This was not, however, acceptable to Hayek. Interest on Hayek’s part at Yale and Columbia was also unfruitful.

As his attempts to be appointed at Princeton were winding down, there

emerged a new opportunity at the University of Chicago. Recall that in his May 9, 1948, letter to Luhnnow, Hayek was very clear that he required a truly significant salary at the time, \$15,000, to finance his coming to America, and a position that would be guaranteed for an extended period (Hoover 2003, 190–191). As Viner wrote Hayek, these circumstances—an outside funding source perceived as ideological and a long-term, regular (as distinct from guest) position—were a barrier at most leading academic institutions. The Volker Fund was, at this time, among the main charitable donors to conservative causes (Hoplin and Robinson 2008). In addition to its support of Hayek, it provided funding for Mises at New York University and to the Foundation for Economic Education. David Grene, a classicist colleague of Hayek's on the Committee on Social Thought, said that when Hayek arrived on the Committee, he was considered a “stock rightwing man” with a “stock rightwing sponsor” (Grene 1995).

Hayek did not seek to be appointed in the Department of Economics at the University of Chicago. David Mitch, in an essential article on recruiting by the department during that period, is clear on this point: “The negotiations that ended up bringing Hayek to Chicago...always centered on this committee [the Committee on Social Thought] rather than on the Department of Economics” (Mitch 2016, 1728). In July 1948, Aaron Director—Milton Friedman's brother-in-law, a friend of Hayek who had spent time at LSE in the late 1930s, and who had returned to Chicago in 1946 through Volker funding—wrote Hayek. Director reported that the Volker Fund was interested in supporting a suitable position for Hayek at the University of Chicago and Hutchins might support an appointment for Hayek on the Committee on Social Thought (Mitch 2016, online appendix p. 49). Hayek responded that he would welcome such a position (Hoover 2003, 191). In September 1948, John Nef, chairman of the Committee, wrote Hayek that his appointment had been approved by the Committee's members, and he and Hayek engaged in several months of negotiations with respect to terms (*ibid.*, 191–193). Hayek was originally intended to start with the Committee in September 1949, but, as we have seen, his appointment was delayed as a result of his marital difficulties until January 1950 on a temporary basis and until September 1950 on a permanent basis.

There were two occasions when Hayek was briefly considered for a position in the Department of Economics. It is important to be clear about these, as there is significant misunderstanding about them. Mitch (2016) has done the most to clarify the consideration Hayek received for employment at the University of Chicago in the late 1940s—his work is a cornucopia of good information. It is complemented by the work of Rob Van Horn and Philip Mirowski (2015), which merits close attention.

The first consideration of Hayek for a position in the Department of

Economics was in early 1946. The Chicago Economics Department was in a period of flux following the war. Two of the department's biggest guns—Jacob Viner and Simeon Leland, the department chair—would be departing that year. Who would replace them?

In a 1945 memo on postwar department plans, Leland provided several lists of names that various members of the department had suggested. Hayek's name did not appear on Leland's lists of possible new or joint appointments, comprising a total of 28 individuals, including many of the leading and up-and-coming economists in the Anglo-American world. Hayek's name did appear, though, on a list of 37 individuals for possible visiting appointments (Mitch 2016, online appendix pp. 30–33), and he was, in fact, a visitor at Chicago for several weeks in the spring of 1946.

With respect to early 1946 consideration of possible permanent appointments, Hayek's name was apparently raised twice—by John Nef, who was also chair of the Committee on Social Thought, and Henry Simons, who was half-time in Economics and half-time in the Law School. There is no recorded support by any other department members for a permanent, full-time position for Hayek. He did not apply for a position in the Department of Economics in 1946, which was before he reunited with Helene and they decided to go to the United States. Mitch (2015, 215) remarks that the 1946 discussion was “unknown to Hayek.” Hayek later commented that he had been considered for a position in the Department of Economics in 1948, not 1946 (Hayek 1983a).

The faculty in economics at Chicago considered itself to be among the leading departments in the world. Because of the prominence that Chicago economics attained in the popular as well as academic mind during the postwar period, it is sometimes not adequately recognized that the Economics Department at Chicago was great from the founding of the university. Early economists there included James Laurence Laughlin, first and longtime chair of the department; Thorstein Veblen, perhaps the most well-known economist in the United States during the early decades of the 20th century; Wesley Clair Mitchell, who became a dominating influence through the National Bureau of Economic Research; and John Maurice Clark, a leading institutionalist. The second generation of economists at the school included Viner, Frank Knight, Paul Douglas, and Henry Schultz. Viner, Knight, and Douglas were all presidents of the American Economic Association, as were other Chicago faculty. Nef wrote in 1934 that a “very considerable portion of all the men who have made an important mark in economic thought between 1895 and 1930...were connected at one time or another, as members or students, with the [Chicago] Department of Political Economy” (1934, 2).

Chicago's distinction in economics continued to grow, particularly after the Cowles Commission for Research in Economics relocated there in 1939. The

Cowles Commission was the international leader in the emerging field of econometrics and had a bevy of superstars, including Oskar Lange, Jacob Marschak, and Tjalling Koopmans. Lester Telser, who came to Chicago as a research assistant on the Cowles Commission and remains there as professor emeritus of economics, compares those gathered at Chicago in the late 1940s and early 1950s to the Niels Bohr Institute in theoretical physics at the University of Copenhagen before World War II (Telser 2004). Nobel laureate in economics Lawrence Klein, also with Cowles, remembered that a “truly exceptional group of people was assembled at Chicago during the late 1940s. I doubt that such a group could ever be put together again in economics” (2004, 19). At one point, 13 future Nobel laureates in economics and a dozen current and future presidents of the American Economic Association passed through the hallways of the Social Science Research Building, where the Department of Economics and the Cowles Commission were located on the fourth floor.

This, then, was the collection of individuals and institutional background from which employment decisions were made. A number of members of the Cowles Commission had joint appointments in the Department of Economics. Hayek simply did not fit the bill for what Chicago economists were looking for in the late 1940s. Members of the department unanimously considered the top research area for prospective faculty to be economic theory (Mitch 2016, online appendix p. 28). John Hicks was their number-one choice for a position, but he was not available (Mitch 2016, 1720).

Three individuals who have provided recollections of why the Department of Economics was not interested in Hayek are D. Gale Johnson, Milton Friedman, and Arnold Harberger, all of whom are great admirers of Hayek. Johnson began on the faculty in Economics in 1944. When asked why the department was not interested in Hayek, he responded that Hayek had “rendered himself irrelevant” in economics by the postwar era and that Hayek was “certainly not turned down for ideological reasons” (Johnson 1995). Johnson did not recall any significant interest among department members in offering Hayek a position.

Hayek experienced a diminution in his reputation as a technical economist after bursting onto the scene in the early 1930s at the London School of Economics with his strong attacks on Keynes. Interest in his technical work in economics was always greater in England than in the United States. By the time Keynes's *General Theory of Employment, Interest, and Money* was published in 1936, Hayek was no longer on the cutting edge of the discipline. This became even more the case in the succeeding decade. The following table presents the 10 monetary economists and macroeconomists most cited in the *Index of Economic Journals* during the 1930s and early 1940s. As can be seen, there increasingly became less interest in Hayek's work (Deutscher 1990, 190–191, 194).

**TABLE 1. Ten most-cited economists  
with number of citations, *Index of Economic Journals***

	1931–1935		1936–1939		1940–1944	
	Keynes	66	Keynes	125	Keynes	59
	Robertson	44	Robertson	48	Hicks	30
	<b>Hayek</b>	<b>33</b>	Hicks	33	Haberler	24
	Fisher	30	Pigou	31	Robertson	22
	Hawtrey	30	Harrod	27	Hawtrey	20
	Cassel	22	Hawtrey	25	Kalecki	18
	Pigou	20	Haberler	24	Schumpeter	18
	Wicksell	17	<b>Hayek</b>	<b>24</b>	Hansen	17
	Hansen	14	Robinson	20	Kaldor	17
	Marshall	13	Clark	18	Kuznets	16
					Lerner	16

Friedman, who started on the faculty at Chicago in September 1946, was apparently unaware of any brief consideration of Hayek earlier in the year. His recollection of consideration of Hayek was in 1948: “I was there at the time, but in a very junior capacity. I was not involved in that decision in any way. But in retrospect, I think they were right.... They didn’t want him, there are two things—number one, they had a very strong feeling that they should choose their own members and not have members appointed from the outside.... But number two, they didn’t agree with his economics. *Prices and Production*, his capital theory—if they had been looking around the world for an economist to add to their staff, their prescription would not have been the author of *Prices and Production*” (quoted in Ebenstein 2015, 214).

Harberger, who was a graduate student at Chicago in the second half of the 1940s and taught there from 1953 to 1991, agrees with this perspective. He remarks that not merely did all economists at Chicago, from both the Cowles and Knight factions, have different theoretical views than Hayek, but all economists at Chicago, both Marshallian and Walrasian, emphasized (in somewhat different ways) empirical testing and validation of theories, which Hayek did not. Harberger observes that Friedman and his group were “deeply empirically oriented” (Harberger 2018).

Such feelings were not unique to Chicago. Robbins wrote of Hayek’s business cycle theory that “as an explanation of what was going on in the early thirties, I now think it was misleading” (Robbins 1971, 154). In 1967, John Hicks said that “Hayek’s economic writings...are almost unknown to the modern student” (Hicks 1967, 203), indicating the black hole into which Hayek’s work in economics fell. Ronald Coase did not believe Hayek’s major scholarly contributions were in technical economic theory (Coase 1995). Additionally, Hayek’s emphasis in history

was not valued by the Chicago, as other, departments for a permanent staff position.

Today, it may seem strange that Hayek—shortly after publishing “The Use of Knowledge in Society” in the *American Economic Review* (1945), in the process of bringing out “The Meaning of Competition” (in Hayek 1948), and later to become an economics Nobel laureate—should have been so devalued as an economist. In 2011 “The Use of Knowledge in Society” was lauded as one of the top 20 articles ever published in the *AER* (Arrow et al. 2011), and as of late August 2018 it had garnered nearly 16,000 Google Scholar citations. But in the late 1940s the kind of philosophical political economy represented by Hayek’s *Individualism and Economic Order* (1948) was not recognized as very important *qua* economics.

It should be noted as well that Hayek had not really considered a position at the University of Chicago before the discussions and negotiations with the Committee on Social Thought as a result of provisions in Chicago employment contracts at that time limiting the amount of earnings apart from teaching that faculty could receive. Hayek had other income opportunities through lecturing and book royalties, and did not want to jeopardize these. During the course of negotiations with Nef, these contractual concerns were alleviated through allowing some extra income opportunities for Hayek and by providing funds to him for travel to Europe (Mitch 2015, 227–228). Nef truly played the decisive role in Hayek coming to the University of Chicago.

Marschak, chair of the Cowles Commission, gave perhaps the key recommendation to the University of Chicago Press for publication of *The Road to Serfdom*. After a “distinctly ambivalent” report on the book by Frank Knight (Caldwell 2007, 17), the Press asked for a second review by Marschak. He wrote: “Hayek’s book may start in this country a more scholarly kind of debate,” and “This book cannot be bypassed” (quoted in Caldwell 2007, 17). Friedman’s view, given in 1995, was that “*The Road to Serfdom* is one of the great books of our time. His writings in [political theory] are magnificent, and I have nothing but great admiration for them. I really believe that he found his right vocation—his right specialization—with *The Road to Serfdom*” (quoted in Ebenstein 2015, 210). Friedman also specifically said with respect to the possibility of the Economics Department not having hired Hayek because of *The Road to Serfdom*: “It played no role at all” (ibid., 214).

It bears emphasis that Hayek’s only apparent supporters in the Department of Economics for a full-time position, Nef and Simons, were not in the mainstream of the department in 1946, and by 1948 Simons was dead and Nef’s primary focus was even more the Committee on Social Thought. Van Horn and Mirowski note that Nef and Simons, as a result of their firm support for the controversial Hutchins, “embroiled themselves in conflict with the Economics Department”

(2015, 144). Aaron Director remembered that Simons was “not liked in the Economics Department” (quoted in Kitch 1983, 176).

Hayek later wrote that, by the postwar period, he had “become somewhat stale as an economist,” and he “felt much out of sympathy with the direction in which economics was moving” (Hayek 1994, 126). His most significant as well as recent work in economic theory, *The Pure Theory of Capital* (1941), attracted little interest. During World War II, he focused on his “Abuse and Decline of Reason” project, from which *The Road to Serfdom* and *The Counter-Revolution of Science* emerged. His main project in the immediate postwar years was his work in psychology, *The Sensory Order*. He felt it a “release” that he would not be required in his position in the Committee on Social Thought to “return to systematic teaching of economic theory” (Hayek 1994, 126). The terms Nef offered him were ideal. Hayek wrote Nef that the invitation to the Committee on Social Thought was a “scholar’s dream and you are well entitled to say that the conditions you offer are more favorable than are available in most great universities of the world. What is even more, it comes at a moment when I need such an environment if I am to hope to complete the program of work which I have mapped out for myself” (quoted in Mitch 2015, 224). It is uncertain whether the Volker Fund would have supported anything for Hayek other than an almost exclusively research position (Van Horn and Mirowski 2015, 165).

According to Mitch, the 1946 mention of Hayek for a position in the Economics Department was “not taken even moderately seriously by most members of the Chicago Department” (Mitch 2015, 215). Mitch also writes that the “archival evidence confirms the central role of his marital and family issues in his move to Chicago; they also indicate that the move corresponded to a clear decision to focus on social philosophy and on research and writing rather than on teaching” (ibid., 225). Hayek commented later of professional opinion of him following World War II: “I never sympathized with either macroeconomics or econometrics.... I was thought to be old-fashioned, with no sympathy for modern ideas, that sort of thing” (Hayek 1983b, 182).

Van Horn and Mirowski emphasize the role that Hayek played practically in launching the postwar Chicago school of economics, and they are correct in this appraisal. Following Simons’s death, Hayek played the key role in persuading Director to return to the University of Chicago. Director, in turn, was vital in initiating interest in a position for Hayek in the Committee on Social Thought. The classical liberal vein at the University of Chicago would have been very different in the postwar era without Director, Hayek, and the colleagues, students, and outlooks they brought.

Pursuant to archival evidence assembled by Mitch, it appears that Nef prepared a motion in the fall of 1948 for the Economics Department to appoint

Hayek a member, without any duties. However, whether this motion was ever made is not known. The only mention of Hayek in the well-kept minutes of the department for 1948 is the following sentence on November 4: "After considerable discussion it was agreed that the chairman of the Department prepare a letter to Mr. Hayek indicating our pleasure at the prospect of his becoming a member of the faculty of the University of Chicago" (Mitch 2016, online appendix p. 50).

There is a hint, though it is just that, that some of Nef's interest in an affiliation for Hayek with the Economics Department might have been that it could then entail some future funding for Hayek's position after the Volker Fund's 10-year commitment for his salary ran out. Friedman commented in the 1995 interview cited above: "They [the department] would have had to assume responsibility after 10 years from their funds" for Hayek (quoted in Ebenstein 2015, 214). Nef and Hayek were in negotiations at the time of the November 1948 Economics Department meeting, including with respect to what would happen after Volker funding expired.

A December 1948 letter from Knight to Hayek provides additional insight into the November 1948 discussion in the department: "The matter of an official relation to the Department of Economics will be...worked out when your wishes in the matter are known; I and those whom I value as scholarly colleagues or friends hope that your wishes and the 'red-tape' will ordain a full voting membership, but with only such academic obligations as you care to assume. You can see that that presents some problems, and the constitution—and—statutes of this university are in such a mess at the moment that nobody can tell what is legal about anything" (quoted in Mitch 2016, online appendix p. 51). This letter suggests that there was support for some appointment for Hayek among the Knight faction of the department, that it was unknown whether Hayek would accept such an appointment, and that there may have been administrative or procedural roadblocks to an appointment. It is, furthermore, not a small matter to confer voting rights on someone in an academic department, particularly at the University of Chicago and especially without departmental responsibilities and irrespective of any possible future funding implications. Moreover, there were strongly divergent views within the Economics Department about its future development.

In short, Hayek never sought a full-time teaching position in the Department of Economics at the University of Chicago, he was never really considered for such a position, he probably would not have accepted one, and it is an open question whether one would have been supported by the Volker Fund. The only times he was considered by the Economics Department at all were: (1) in early 1946 before he had decided to come to the United States, when the only interest was from Nef and Simons, and (2) in 1948, when Nef apparently brought him up at one meeting for a joint appointment with the Committee on Social Thought as Hayek was in

negotiations with the Committee for a position financed by the Volker Fund.

Hayek provided his own best description of his move to Chicago in the following answer to an interview question in 1983 at LSE concerning his links with the University of Chicago. Though not without minor inaccuracies, it provides a good summation of this key transition in Hayek's life and career:

That begins with Robbins' admiration for Knight's *Risk, Uncertainty and Profit*, and later Robbins became very intimately interested in the work of Jacob Viner. Both Viner and Knight were very well-known figures among our circle. We came to know them personally and their work—this London/Chicago relation in the '30s.

I finally went to Chicago. It was pretty accidental, it had nothing to do with this original connection.... [T]he reason I went to Chicago was to get a divorce, which I couldn't get here, and at the same time to be able to finance the problem of maintaining two families. I had efforts of my friends in the Chicago Economics Department and they were frustrated I think by the econometricians there. The econometricians didn't want me, and the first attempt to offer me a position at the University of Chicago in '48 broke down.

And then John Nef of the Committee on Social Thought offered me a position on that committee, which in a way was much more attractive. Because, quite frankly, after 20 years at the London School of Economics only among social scientists, and being confined to teach only economics, my ideas had broadened out. The offer to teach anywhere in the field of the relations between the social sciences rather than technical economics, without any firm teaching program...was so tempting that even if I hadn't been anxious to get a better paid position and to establish residence in America to get a divorce, I would probably have moved to America.

But then I was very happy and spent 12 years at the Committee on Social Thought, with very friendly personal relations with the Economics Department. Viner had moved and gone to Princeton, but Knight was still there, and very soon I established a very close relationship with Friedman and Stigler.... I had a very interesting time in Chicago. Just because I wasn't tied to economics in the narrow sense, my interests were broadening out. (Hayek 1983a)

As Hayek remarked elsewhere: "Practically all my contacts that led to later visits and finally made my move to Chicago possible were made" during his 1945 trip to the United States to promote *The Road to Serfdom* (Hayek 1994, 103). This certainly was the case concerning his contacts with the Volker Fund, which developed from a talk he gave on this trip. Far from it having been the case that Hayek would have received a position in the Department of Economics at Chicago but for *The Road to Serfdom*, much of the reason he received a position on the Committee on Social Thought was because of *The Road to Serfdom* and other related work in philosophy, politics, and economics.

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