**Titolo:** Hayek and the Great Depression of 1929. Did he really change his mind?

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**Ambito di ricerca:** Studi sulla Grande Crisi del 1929

**Anno di inizio:** 2011

**Durata prevista:** 2 anni

**Obiettivi:** The aim of this research is to establish whether, and if so in what way, Hayek changed his mind about the Great Depression of 1929.

**Breve descrizione del progetto:** In 1986, Gottfried Haberler raised a historiographical case that has perhaps received less attention than it might have deserved. According to Haberler, in the 1970s, Hayek, after Robbins, “changed his mind” on the nature of the Great Depression, and drew closer to Keynes. As Haberler (1986: 422) wrote: “Robbins later changed his mind and sided with Keynes and many others insisting that in a deep depression government deficit spending and monetary expansion are in order … Moreover, Hayek himself has changed his mind on this point”. If Hayek really did change his mind on the most effective policies to combat a major crisis, then we must revise not only the historiographical judgement of the Austrian economist, but also the interpretation of the Great Depression that is directly inspired by his works. Any such revision would not remain limited to the past. The opposing interpretations of the Great Depression offered by Keynes and Hayek continue in fact to influence the vision of what it is that makes capitalism unstable, and of what governments should do to reduce or eliminate this instability. The historiographical and political significance of this case convinced me to investigate all documents, published and unpublished, that might be of use in reconstructing this entire matter, and in clarifying every possible doubt over Hayek’s apparent or effective conversion (or retraction).

The aim of this research is to establish whether, and if so in what way, Hayek changed his mind about the Great Depression of 1929. The work is divided into two parts. In the first, I present the “early” Hayek of the 1930s. Hayek was the great rival of Keynes. Both explained the Great Depression, applying opposing business cycle theories. For Keynes, the crisis was caused by an excess of saving over investment; for Hayek, on the contrary, by an excess of investment over saving. In the early 1930s, Röpke attempted a synthesis, positing that a recession due to overinvestment can degenerate, as in 1929, into a depression caused by oversaving. Hayek examined and rejected Röpke’s theory. In the second part, I present the “later” Hayek of the 1970s. After years of silence and solitude, Hayek was unexpectedly awarded the Nobel Memorial Prize in Economics, precisely for the contribution he made in the 1930s to the theory of the business cycle. Hayek returned to his pursuit of the ghost of Keynes, debated with his friend and rival Friedman, re-examined Röpke’s special case and, according to Haberler, changed his mind. In my conclusion I attempt to resolve the dilemma.

**Risultati attesi:** Pubblicazione di un saggio su rivista internazionale

**Altro:** Una prima versione del lavoro è stata presentata a Istanbul nel maggio 2011 alla Conference della European Society for the History of Economic Thought