

BOOK REVIEWS

HAYEK'S LIBERALISM AND ITS ORIGINS: HIS IDEA OF SPONTANEOUS ORDER AND THE SCOTTISH ENLIGHTENMENT. CHRISTINIA PETSOUHAS. LONDON: ROUTLEDGE STUDIES IN SOCIAL AND POLITICAL THOUGHT. 2001.

Hayek points to the works of Bernard Mandeville, David Hume, and Adam Smith as the primary origins of his social theory of spontaneous order. Christinia Petsoulas critically examines that claim and concludes, not simply that Hayek is too modest in understating the originality of his own thought, but that “a convincing critique of the main tenets of cultural evolution can be provided by the very thinkers whom Hayek cites as intellectual forefathers.”

Two opening chapters give an excellent account of Hayek's social theory and of the limits to reason. It is argued that Hayek fails to give explicit acknowledgement to the deployment of “two types of evolutionary explanation”: the invisible-hand market order (dispersed knowledge is utilized to greatest effect); and a process of group selection (an institutional framework of social rules evolves in such a manner that “inefficient practices are eliminated”). Beyond that, Hayek's contention—“that human conduct is ultimately governed by abstract rules that cannot be articulated”—is challenged.

Three chapters deal respectively with Mandeville, Hume, and Smith. The author finds no evidence in their writings of Hayek's “twin ideas of evolution and spontaneous order.” Rather, the common element rests between the “two extremes” of spontaneous and constructivist order: a thesis that “Hayek seems to ignore” in “his eagerness to discredit . . . social engineering.” The common element is “a theory of *trial and error* which is governed by *intentional* experimentation”; and so “Mandeville's political economy indicates that economic co-ordination is not brought about spontaneously but involves a fair degree of interventionism”; and “both Hume and Smith attribute the selection of rules to individual intentionality and understanding of their benefits.”

The author accepts that “customs and conventions can in principle be expected to arise spontaneously.” Though plausible for mechanistic applications “like playing the piano or riding a bicycle,” the notion of subconscious rule-following is “much less convincing” in respect of man's sense of justice. The argument is that, because “rules of justice constitute solutions” to “collective action problems,” “they require collective agreement”; and that the latter requires “a degree of individual foresight and intentionality, both of which are precluded in Hayek's theory of cultural evolution.” How,

for example, would it be possible for judges to “decipher rules of whose existence and function they are as unaware as anyone else and which they follow no less unconsciously than the other members of society?” Good question; but this *is* the difficulty that denies an overarching legal oracle and insists upon cautious evolutionary development. Common law evolves as parties fail to reach mutual agreement and seek impartial judgment. Thereby rules of justice emerge so that—while intentionality and *attempts* at foresight are ever present—the common law is plausibly described as contributing to a spontaneous order.

In general regard to subconscious rule-following, the author expects too much of Hayek. It is a truism, not a criticism, that the existence of “meta-conscious rules is postulated rather than demonstrated.” It is *always* the case that “the investigation of consciousness (and all other cognitive phenomena) is condemned to some indirectness” (Damasio 1999, p. 81).

The author draws a distinction between spontaneous order and order based upon consensus: “[i]f prior acceptance of the unpalatable consequences of the market order is a condition for its existence, it can hardly be claimed that the market order is *spontaneous*.” Certainty, but, if “prior” is deleted, spontaneity and consensus are not mutually exclusive categorizations. Surely, consensus can emerge as agencies reach successive adaptive compromises (both tacit and explicit). The author also asks how social rules of general benefit arise in circumstances where individual advantage and group advantage are opposed: “a behavioral rule bringing about universal cooperation cannot be expected to emerge spontaneously by means of an individualistic process.” Why not? In dynamic game theory (which the author invokes), the prisoners’ dilemma fades with the evolution of strategic counterplay, but this possibility is rejected for ‘modern market society’ where unilateral defection is unlikely to be discovered. It is asserted that in “a large and impersonal social setting . . . a powerful organization is required to enforce prisoners’ dilemma norms. This organisation is the state.” Of course, many social rules require authoritative support, but without a general acceptance of the justice inherent in such rules, history shows that enforcement throws crippling burdens upon the state.

The author believes that the necessity for “external mechanisms of rule enforcement” implies “that emphasis be placed on rational foresight and intentionality in first identifying and subsequently implementing ‘appropriate’ group beneficial rules.” Emphasis is the nub. Hayek saw the relevance of rules that are both spontaneous and constructivist in origin: “before we can hope successfully to improve them, we must learn to comprehend much better than we do now in what manner the man-made rules and the spontaneous forces of society interact” (1967, p. 92). Yet, Hayek’s emphasis is that spontaneous evolutionary developments generally incorporate levels of understanding that surpass those that support a constructivist rational approach. In presenting Hayek as an spontaneous order extremist, who is prone to the inconsistency of invoking “man-made rules,” a target for easy criticism is created. This is a caricature.

The real Hayek is driven by an ideology that attempts to “marry a Kantian view of justice as an institution concerned with the distribution of freedom, with a Humean view of justice as an institution preserving order among men” (Kukathas 1989, p. 205). He sees himself as a liberal in the classical tradition. That liberalism is not a consequence of, but a prerequisite for, spontaneous order. Certainly, Hayek believes that liberalism requires protection. It needs support for the diversity of lifestyles that is tolerated and for allowing individuals and diverse groupings to challenge conventional

practices. Tautologically, if moral acts are those that augment social cohesion, then morality is established by whichever code of social conduct allows the group to survive. Yet, all adaptations “have one potentially grave drawback: they are constructed on the basis of instructions built up in the past” (Plotkin 1994, p. 153). Since adaptation is necessary to events previously encountered, successful adaptation offers no guarantee against novel predicaments. There are no means to determine whether an institutional adaptation is likely to enhance or to jeopardize survival prospects. For nonrecurrent changes, a special class of adaptation is required—intelligence—that allows an organism to cope with future circumstances which are unlike those of the past. Hayek does not denigrate intelligence; he simply points to a tendency to overrate intelligence.

Hayek researched the features of an extensive political economy, with explicit consideration of the psychological limits to human understanding, the market as an information-gathering process and its relationship with the free society, where moral and political issues are understood within a framework of continuous adaptation. Is it not the case that political liberalism secures the diversity that raises the likelihood of successful adaptation, both of individual agencies within groups, and of rivalry between groups? Hayek’s general tenet is that moral values are grounded in cultural evolution; that “the ultimate decision about what is good or bad will be made by the evolutionary de-selection of groups that adhere to ‘wrong’ beliefs.” Is the implication (as drawn by the author) that Hayek thereby “removed the possibility of defending liberty on moral considerations?”

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