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Reading F. A. Hayek

Edwige Kacenelenbogen

The argument for liberty is not an argument against organization, which is one of the most powerful means that human reason can employ, but an argument against all exclusive, privileged, monopolistic organization, against the use of coercion to prevent others from trying to do better. Every organization is based on given knowledge; organization means commitment to a particular aim and to particular methods, but even organization designed to increase knowledge will be effective only insofar as the knowledge and beliefs on which its design rests are true. And if any facts contradict the beliefs on which the structure of the organization is based, this will become evident only in its failure and supersession by a different type of organization. Organization is therefore likely to be beneficial and effective so long as it is voluntary and is imbedded in a free sphere and will either have to adjust itself to circumstances not taken into account in its conception or fail. To turn the whole of society into a single organization built and directed according to a single plan would be to extinguish the very forces that shaped the individual human minds that planned it. ... There can be little doubt that man owes some of his greatest successes in the past to the fact that he has not been able to control social life. His continued advance may well depend on his deliberately refraining from exercising controls which are now in his power. In the past, spontaneous forces of growth, however much restricted, could usually still assert themselves against the organized coercion of the state. With the technological means of control now at the disposal of government, it is not certain that such assertion is still possible; at any rate, it may soon become impossible. We are not far from the point where the deliberately organized forces of society may destroy those spontaneous forces which have made advance possible.¹

Hayek's life spanned nearly all of the twentieth century, from his birth in 1899 to his death in 1992. His whole intellectual endeavour sprang from what he considered to be an imminent and unprecedented threat to humanity, and to European civilization in particular: the coming to power of the socialist ideal. For Hayek, the dispute between a market order and socialism was nothing less than a matter of survival for mankind: 'To follow socialist morality' was to 'destroy much of present humankind and impoverish much of the rest.'² Because he knew that the tide of socialism could be successfully stopped only by an equally powerful set of ideals, from *The Road to Serfdom* (1944), the famous pamphlet that first brought him international recognition, to his monumental three-volume *Law, Legislation and Liberty* (1973, 1976, 1979), Hayek's stated and constant goal was to reassert and re-establish the philosophical foundations for a theory of freedom. Throughout his work, he thus consistently sought to defend the classical liberal ideal of a free society, that 'modest and even humble creed' based both on a low opinion of men's wisdom and capacities (Hayek was a fierce critic of all flattering assumptions about the unlimited powers of human reason), and on a fundamental trust in uncontrolled (or spontaneous) social forces.³

Unlike most contemporary political philosophers, Hayek made it very clear that he had an agenda. In this sense, his contribution to liberalism is generally perceived as ideological: his whole oeuvre is openly guided by the intent to consolidate the ideal of a free society against that of socialism, both as a concrete political regime and as a unifying doctrine.⁴ The *Constitution of Liberty* (from which the quote above is extracted) is exemplary in this regard: it is Hayek's classic statement on the ideal of liberty, his ultimate philosophical argument in defence of a free society.

Hayek's theory of freedom has two important facets. The first one is a negative definition of liberty as the absence of coercion. By 'coercion' Hayek means 'such control of the environment or circumstances of a person by another that, in order to avoid greater evil, he is forced to act not according to a coherent plan of his own but to serve the ends of another.'⁵ Hayek's argument for liberty is, above all, an argument against the use of coercion. In an explicitly Kantian vein, he considers an individual to be free only if she is not and cannot be a tool in the achievement of the ends of another. Coercion can be prevented only by the existence of a private sphere where the individual is protected from such interference. And such a private sphere can, in turn, be preserved only by the existence of general rules, embodied in a written constitution and upheld by state power. When Hayek writes, at the beginning of the excerpt, that his

'argument for liberty is... an argument against the use of coercion to prevent others from trying to do better', he is making a clear case in favour of unfettered, constitutionally bound competition.

Hence the importance, in Hayek's view, of the law or, more precisely, of the general and abstract nature of the law.⁶ Insofar as the rules justifying coercion are framed so as to apply equally to all people in similar circumstances, they merely provide the framework within which the individual must act, but within which decisions remain hers. This, in essence, refers to the principle of 'freedom under the law': individual freedom is guaranteed by the fact that laws are general and abstract rules laid down irrespective of the particular cases or persons to which they will apply.

As evidenced by the first two lines of the excerpt, Hayek acknowledges the importance of the state – or of human organizations in general. In his view, the state should act and rule to create a stable and fair context for individuals to pursue their own ends. Hayek even makes a strong case for the state to act so as to reduce inequality of opportunity ('as far as congenital differences permit' and insofar as doing so does not impede the impersonal system of rules under which we all live and act) to ensure certain minimum standards in physical necessities and to organize a comprehensive system of social insurance.⁷

The second facet of Hayek's liberalism, or second pillar of his theory of freedom, is his faith in 'spontaneous forces of growth', that is, in the autonomous forces of social order. Far from a relation of command and obedience (or a hierarchical structure in which the will of superiors determines what each should do), in Hayek's understanding, social order is a means-connected system with no hierarchy of ultimate ends, that is, a 'self-generating', 'endogenous' or 'spontaneous' order arising out of an unplanned matching of intentions and expectations, 'the product of the actions of many men, but not the result of human design'.⁸

This aspect of Hayek's thought is closely connected to his conception of human knowledge, which, according to him, 'never exists in concentrated or integrated form but solely as the dispersed bits of incomplete and frequently contradictory knowledge which all the separate individuals possess'.⁹ Because knowledge depends on the circumstances of the fleeting moment, it belongs to each individual in particular (to each 'man on the spot') and to none in general.¹⁰ Hence the importance of the decentralized mechanisms of decision-making which, over time, build upon the habits and institutions which have proved to be valuable.

In time, facts either confirm or contradict the knowledge and beliefs on which various habits and institutions rest, leading either to their survival or to their demise. Echoing his friend Karl Popper, Hayek argues that the beliefs on

which successful institutions rest are 'true' until empirical observation (in this case, the 'failure and supersession by a different type of organization') proves them to be false. Decentralized mechanisms of decision based on incomplete and diffuse knowledge are thus crucial for every possible avenue of evolution to be explored. By contrast, information centralization – a typical trait of ever-expanding governments – is particularly harmful to the creation, preservation and utilization of knowledge.

In short, then, to preserve the sources of the growth of Western civilization, to protect and nurture the mechanism through which 'true' or 'dispersed, incomplete and frequently contradictory' knowledge is produced and shared, that is, to insure human innovation and creativity, Hayek recommends a free-market system under the rule of law, with strong constitutional protections of individual rights. He thereby raises a powerful voice against the doxa of his time, which shared an uncritical faith in central planning as a key element of economic reconstruction. Based on his careful observation of the Nazi regime as well as his analysis of the socialist rationale of the time, he excoriates the 'scientistic' attitude – a mechanical and uncritical application, in social sciences, of habits of thought pertaining exclusively to physical science – which ignores both that 'there are definite limits to what we can expect science to achieve' and that 'deliberate control may have deplorable effects'.¹¹ It is precisely by refraining from exercising such control that, according to Hayek, men allowed for crucial advances of civilization.

The 'contextual', historically situated and polemical character of his argument (directed against the then widespread and far-reaching collectivism and state planning) is an aspect of Hayek's thought that, by comparison with more recent – and abstract – political theory, is often invoked to his disadvantage. The reason for this is not only that the immediate target of his work (enthusiasm for a centrally planned economy) has faded. As social sciences pretend to more and more 'neutrality' by way of quantitative methods, Hayek's enthusiastic support for a specific ideology – which some broadly labelled 'doctrinarism' – is also assumed to explain some of the pitfalls into which his analysis falls. Hayek's rigidity of tone and relative lack of philosophical circumspection have indeed been considered to weaken the logical basis of his theoretical argument.

Yet it is important to note that, as 'historically situated' and 'ideological' as they may be, Hayek's observations remain of great relevance for the history of liberalism, and social and political thought more broadly. In particular, his main epistemological argument – that, because of its inherent complexity and heterogeneity, the only way a large society can be efficiently coordinated is through

the free workings of spontaneous processes – is one of the most insightful in the twentieth-century political philosophy. Looking at the way modern progress and contemporary patterns of innovation involve both competition and open environments (i.e., non-institutional forms of collaboration or open-source communities), one has to recognize how perceptive Hayek was in his description and defence of spontaneous processes and the intrinsic unpredictability of the human world.

Today, it is indeed a rather well-accepted fact that progress through innovation requires both a framework of rules and laws that provide a stable and fair context for individuals to pursue their own ends (the first pillar of Hayek's theory of freedom) and the freedom of sometimes collaborative and connective, sometimes destructive and chaotic forces at work in the natural and social world (spontaneous orders).¹² In short, the idea that top-heavy bureaucracies are textbook innovation sinkholes has become somewhat of a truism nowadays.

On the whole, Hayek's intellectual efforts can be understood as part of a handful of early stage investigations into the subject of complex adaptive (autonomous) systems and spontaneous orders. These investigations gave rise, a few decades later, to an entire and specific scientific domain – and related worldview. Together with his work (though not necessarily directly related), over the past four decades, various theoretical efforts – those of Claude Shannon, Norbert Wiener or Ilya Prigogine, to name only a few – have led to the advent of a new paradigm, to which the foundation of the Santa Fe institute in 1984 famously gave one of its first concrete forms.¹³

Moreover, in our ever more hurried world, where information frequently passes as wisdom and the need for public acknowledgement often overrides caution and confirmation, Hayek's call for epistemological modesty, his claim that the first step in any scientific inquiry should always be a frank and open acknowledgement of the limitations of human thought, together with his observation that intellectuals commonly have an inherent tendency to overestimate their own reasoning skills and the correctness of their own thoughts, are quite topical.¹⁴ Despite the repeated proofs of our deep-rooted irrationality, of the existence of myriad inherent biases or of the disruptive role of emotions, the excesses arising in various scientific fields from a seemingly unshakable belief in pure reason remain hard to curb.

Hayek's liberalism, based both on a negative definition of liberty as the absence of coercion and on a defence of the autonomous forces of social order, is a reflection on the natural boundaries of the human intellect and on the greater efficiency of complex and abstract orders. Though Hayek cannot be said to have

developed a fully fledged theory of complexity, many of the ideas that were later to define complexity theory are expounded in his writings.¹⁵ For instance, and most notably, elaborating on the idea – crucial to complexity theory – of an abstract, emergent pattern, Hayek writes: ‘The “emergence” of “new” patterns as a result of the increase in the number of elements between which simple relations exist, means that this larger structure as a whole will possess certain general or abstract features which will recur independently of the particular values of the individual data, so long as the general structure...is preserved.’¹⁶ This path-breaking focus on the pattern – or emergent – property (as distinct from the set of rules which gives rise to it) is closely connected to Hayek’s assumption that an abstract order does *not* depend on the predictability of individual actions – and thus allows for a great diversity (or freedom) of those actions.¹⁷

As everyday life becomes increasingly populated by artificial intelligence and we find ourselves relying more and more on studies of organized complexity and ‘bottom-up intelligence’ (called for by such phenomena as crowd funding, crowd lending and ever more distributed networks), Hayek’s efforts perceptibly gain a renewed and forceful significance. This only a doctrinaire mind could deny.