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HAYEK: AN IDEA OF SELF-ORGANIZATION AND A CRITIQUE OF THE CONSTRUCTIVIST UTOPIA

The aim of this paper is to present an idea of self-organization developed by Friedrich von Hayek, which is a basis for his critique of the methodological assumptions of the constructivist rationalism. While being known in the literature of the field as a concept of spontaneous order or an idea of cultural evolution, Hayek's idea of self-organization is a heart of his whole socioeconomic doctrine. While abstracting from its assumptions, it is not possible to understand the core of Hayek's objections against the constructivist inclinations of any social planner who wants to reorganize a society on the grounds of new, utopian foundations.

The Concept of Spontaneous Order

While starting to reconstruct Hayek's concept of spontaneous social order, one must not omit a distinction introduced and repeatedly underlined by the author. According to this distinction there are two intellectual traditions of individualism in the European thought. On the one hand, one faces an empirical or evolutionary tradition typical of Britain. On the other hand, however, there appears a rationalistic French tradition. Yet, for Hayek it is the former tradition that bears the name of true individualism. The latter tradition accounts for false individualism which leads to socialism or collectivism, i.e. is inclined to oppose freedom. While not going into details, one may say it was R. Descartes's appearance that differentiated the traditions of individualism just mentioned. While underlining the individual's ignorance and poor capability for a conscious and intentional development of the civilization, the evolutionists criticized the Cartesian rationalism which filled the tradition of French individualism. They especially object to the engineering, constructivist declarations of the second part of *Discourse on*

Method, and the author's magnified confidence in the power of human reason with the capital "R". An echo of Descartes's appearance was a skepticism and a contempt for any human achievement which was neither projected nor controlled by a human reason. In Hayek's opinion, such an attitude typical of the rationalistic individualists has unavoidably made them become the enemies of freedom. Their end is the organization, and freedom always means chaos.

This is why the most significant difference Hayek notices between British and French individualism amounts to various views on a role the tradition plays. At the same time the tradition is meant to be a process of transmission of the whole cultural heritage. For, according to the Cartesian idea, any useful solution or social institution is a work of human reason. It is the legislator equipped with an instrument of reason which constructs the whole society. Such an approach to the origin and development of social institutions has most frequently been expressed in the form of the idea of social contract which has particularly been appreciated by the French social philosophers. This approach presupposes that the institutions and practices are useful for people only if they have been developed consciously, perform a presupposed end and are fully controlled. The Cartesian "radical doubt" refuses to accept anything that cannot be logically inferred from clear and distinct premises. Yet, in this respect the British individualism declares for a respect for traditional customs, institutions, principles and practices whose origin and rational foundations are unknown to us. Both humility resulting from this and the role of tradition being stressed become, in Hayek's opinion, the most significant characteristic of the British individualism¹.

The existence of two intellectual traditions mentioned above, and of two opposite ways of perceiving the social reality resulting from these traditions, makes us distinguish, Hayek says, two sources and types of social order that are continuously present in the contemporary Great Societies. On the one hand, therefore, we face the arranged order which is of exogenous nature and described as a construction. On the other hand, there is the endogenous order which is described as a spontaneous order. This picture is followed by the remark that the ancient Greeks were happier than we are, for they used two simple words for these two types of order. The first is *taxis* which names the former type of order, and the second is *cosmos* to name the latter type of order. Hayek is going to borrow these words and apply

¹ F. A. Hayek, *Individualism: True and False*, in: *Individualism and Economic Order*, George Routledge & Sons, London 1948.

them as the technical terms to describe two types of order distinguished above².

While characterizing the spontaneous order Hayek states that this type of order is not willingly accepted by the researchers, and is of no interest to them. The reason is partially because these researchers cannot comprehend an order which is not being deliberately created, and partially due to the very fact that they take it to be always something aiming at a particular end. Such an approach is largely based on a conviction that there is no order not to be created by a man. This is because the spontaneous order (e.g. market order) does not stimulate our senses, but has to be chased by our intellect. We cannot see – or intuitively perceive in some other way – the order of ambiguous human actions. We are only capable of reconstruction of this order by means of the mind while tracing the relations that exist among its elements. Hayek appeals to the abstractness to call this very essential particularity of the spontaneous order. At the same time it is the level of being concrete by which Hayek defines the order being created. The spontaneous order contains a system of the abstract relations between the elements which are also and only defined by the abstract properties. This is why it cannot be intuitively perceived and recognized. The only way to let us know such an order is to appeal to the theory that allows one to make the nature of these relations clear.

While characterizing the spontaneous order in broad terms, Hayek gives a couple of examples where this order is present in the physical world, and also defines a degree and the conditions in which one is able to recognize and investigate it. In his opinion, there are many examples of the complex orders which we can bring about only if we apply the forces of which we know to make such orders' form. However, we can never contribute to the formation of this type of order through a deliberate placing every element in an appropriate position. For example, we will never produce a crystal or complex organic compound if we place particular atoms in the positions to form the lattice of crystal or the system based on benzol rings. Yet, what is important is that we can set the conditions for their formation in this way. To illustrate these claims, Hayek appeals to a school experiment where the iron filings on a sheet of paper are made to arrange themselves along some of the lines of force of a magnet placed below. Through this experiment we can predict the general shape of the chains to form as a result of the filings being combined with each other. However, we are not able to predict which

² F. A. Hayek, *Law, Legislation and Liberty*, vol. 1: *Rules of Order*, The University of Chicago Press, Chicago and London 1973, p. 37.

of an infinite number of lines finds the chains to determine the force of the magnetic field. This will depend on the position, direction, weight, roughness or smoothness of each of the iron filings and on all the irregularities of the surface of the paper. While impacting each other and the surrounding forces that emanate from the magnet and each of the iron filings are at any time to generate a unique example of the general model. The general nature of this model is to be defined by well known laws, but its concrete version always depends on particular conditions which are not to be fully known.

It should be strongly emphasized that when making comment on the example given above one ought to distinguish between the spontaneous nature of the order being generated and the spontaneous origin of the rules that are the basis for this order. In Hayek's opinion, it is possible (at least to imagine) that the formation of the spontaneous order is solely based on the rules that are a deliberate product of man. Despite this fact, however, such an order would still be described by the author as the spontaneous order. One can, of course, doubt that while the rules being the basis for this order are implemented as a result of conscious and intentional decisions, the order is taken to be the spontaneous order by Hayek. On the other hand, one has to admit that one must not take the spontaneity too broadly. It means that one should not identify this quality with an unlimited elementality. What is meant is the elementality which is not subordinated to any rules or principles. If this were the case, one would not talk about the spontaneous order. Instead, one would talk about the perfect disorder, i.e. the chaos. For, unlike the disorder, any order is described by means of the regularity, and the regularity is nothing more than keeping the rules or subordination to the rules. What distinguishes the order from the disorder is then the elements of the former displaying some regularity, i.e. *ordering* according to some rules.

Of course, in his conception of the spontaneous order Hayek focuses on the issue of its existence and manifestation in the social world. The only thing we can actually do in favor of the spontaneous order being manifested in a society is setting the general conditions that stimulate the formation of such an order. Therefore, the most suitable situation is to set the optimum conditions for the individuals to use freely *the knowledge of the particular circumstances of time and place*. In other words, the situation in question should allow the free individuals to act within the limits of the rules of law³.

³ F. A. Hayek, *The Constitution of Liberty*, The University of Chicago Press, Chicago 1960, p. 220.

The order of the market is a manifestation of the spontaneous order in which Hayek is especially interested. In his opinion, the necessary condition to understand the core of the market is to set free from fallacious suggestions that associate the market with the economy. In the strict sense of the term, the economy consists of the complex actions through which the particular resources are allocated on the grounds of competitive ends and by their importance, according to a fixed plan. Therefore, a typical economy is a household, a farm or a company. For in these sites one is to realize the particular hierarchy of ends while disposing the particular resources. The order being consciously and intentionally arranged (*taxis*) is then the economy. However, the market order is not, and could not be, in Hayek's opinion, managed by such simple balancing of ends. On the contrary, it provides the particular participants with the particular and incommensurable ends which are recognizable only by those who realize them. The market is a typical example of the spontaneous order (*cosmos*), i.e. the order that realizes no hierarchy of ends. To avoid an undesirable effects of the confusion mentioned above, Hayek postulates that we should accept a separate term to describe a system of numerous and mutually connected economies, which constitutes the order of the market. The term that most adequately represents the core of the market order is, in Hayek's opinion, "catallactics". It is derived from Greek verb *katallattein* which meant not only "to exchange", but also "to admit into the community" and "to change from enemy into friend". This is how in Hayek's terminology catallactics has become a tool to define what he takes to be the market order⁴.

In the later period of his activity, while being influenced by new, developing disciplines and scientific theories, and also due to the very fact that his terminology was not commensurate with these theories, Hayek was more and more frequently keen to apply the idea of cultural evolution to express his view on the social order being spontaneously arranged. As he claimed, the idea of cultural evolution and the idea of spontaneous order were twin notions. Therefore, to synthesize various ways of manifestation of the spontaneous order (e.g. in the sphere of free market, law, politics, language, morality, etc.), he decided to reflect on the problem under discussion on the grounds of the idea of cultural evolution and the theory of culture. In other words, Hayek expresses the idea of self-organization by means of the idea of cultural evolution, so that he shows how the origin, development

⁴ F. A. Hayek, *Law, Legislation and Liberty*, vol. 2: *The Mirage of Social Justice*, The University of Chicago Press, Chicago and London 1976, p. 108-109.

and success of cultural institutions – being an unintended effect of human actions – determine the social coordination of the individuals. Hayek's idea of cultural evolution was most fully expressed in the epilogue to volume 3 of *Law, Legislation and Liberty*. While taking position on the discussion about the sources of human values Hayek, who was eighty years old at that time, tried to present his views clearly, for he had no time to complicate the issue. He rejected the foundations of sociobiological theories and presented the culture as a third, and most important, source of human values: "Culture is neither natural nor artificial, neither genetically transmitted nor rationally designed. It is a tradition of learnt rules of conduct which have never been invented and whose functions the acting individuals usually do not understand"⁵.

Hayek repeatedly emphasized that the idea of cultural evolution was undoubtedly older than the idea of biological evolution, and Darwin applied in biology Mandeville's and Hume's findings in the field of social thought. Although both the cultural evolution and the biological evolution are based on the principle of selection, the former is not to be associated with concepts like: natural selection, struggle for existence or capability to survive by the best adapted. Such concepts have been imported from biology by social Darwinists who thus missed very important element, i.e. a selective evolution of rules and practices. Hayek, who was sorry for this misuse, tried to highlight the core of the difference of both ideas. He says that in the social evolution a selection of physical and hereditary individual properties is not the decisive factor. What counts is a selection through imitating the institutions and habits which most effectively operate. Although it is also reinforced by the successes of both the individuals and the groups, it does not result in the hereditary property of the individuals. Instead, it does result in the ideas and skills, i.e. the whole cultural heritage which we pass through learning and imitation. In Hayek's opinion, this heritage is composed of our customs and talents, tools and institutions, that is, all what is a result of the adaptation to a previous experience to be collected due to a selective elimination of less appropriate practices.

⁵ F. A. Hayek, *Law, Legislation and Liberty*, vol. 3: *The Political Order of a Free People*, The University of Chicago Press, Chicago and London 1979, p. 155.

The Problem of the Use of Knowledge as a Core of the Economic Problem of a Society

Prior to a discussion on a critique of the foundations of constructivism-oriented social planners, one should define the way in which Hayek comprehends knowledge present in a society. In his opinion, it is the epistemic problems (which are linked with getting, passing and applying knowledge within the society) that determine the planner's difficulties and make his projects turn into utopia. The core of Hayek's position on the issue of knowledge was formulated during a dispute over the rationality of the socialist economy. While bypassing superfluous details of the dispute, and especially its course (which impacted the evolution of his views), one should appeal to a famous article of 1945 titled *The Use of Knowledge in Society*, which is unambiguously the most characteristic text on the problem of knowledge of this period. The very first sentence of this article makes a reader have no doubt as to what the key issue of the dispute over the rationality of socialist economy is. In this article he directly asks: "What is the problem we wish to solve when we try to construct a rational economic order?"⁶ When we presuppose we have got a complete knowledge of the available means, are able to state a particular system of preferences and possess a complete, required information – we face a purely logical problem. This is the problem of optimizing (*a trial of getting the best result through the medium of the given means*), which can be formulated mathematically, i.e. the problem to be usually faced by an engineer. What is a typical characteristic of the problem raised in this way is always that the response to the question about the best way of utilization of the available means is *implicite* included in our presuppositions. However, the problem of such kind is not, as Hayek states, the economic problem which the society faces. This becomes fully understandable when one realizes that the so-called "data" which are the starting point of the economic calculus of the whole society do not and can never get "dated" with a single mind. A particular nature of the problem discussed "is determined precisely by the fact that the knowledge of the circumstances of which we must make use 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. The economic problem of society is thus not merely a problem of how to allocate *given* resources – if *given* is taken to mean given to a single mind which deli-

⁶ F. A. Hayek, *The Use of Knowledge in Society*, in: Ch. Nishiyama, K. R. Leube, *The Essence of Hayek*, Hoover Institution Press, Stanford 1984, p. 211.

berately solves the problem set by these *data*. It is rather a problem of how to secure the best use of resources known to any of the members of society, for ends whose relative importance only these individuals know. Or, to put it briefly, it is a problem of the utilization of knowledge which is not given to anyone in its totality”⁷. It is not the scientific knowledge, i.e. knowledge in the form of the general rules, whose importance Hayek emphasizes, but *the knowledge of the particular circumstances of time and place*. An individual who has knowledge of the details of the environment in which the individual acts gains an advantage over all other individuals, for (s)he has got a unique information that can successfully be utilized. In short, what is the most essential characteristic of the sort of knowledge under discussion is that this knowledge cannot be passed to any central power.

According to what has been written above, what becomes obvious is Hayek’s demand to leave making the economic decisions to the individual who knows the reality of the environment. The capability of the optimum utilization of knowledge, and of the solution of economic problem of the society, is present only in the community of free individuals who are left to decide on their matters. There is no other social and economic system to be capable of the immediate adaptation to the changeable conditions, and thus of ensuring as appropriate allocation of resources as the market system requires (where the choice of ends and means is made on a micro level). Therefore, one should leave the capability of the final decision on individual matters to the individual. This would allow the individual to immediate adaptation to the changeable conditions. This is the only way to allow for bringing out and utilizing a potential present in the society. The discovery and the skilled utilization of this potential is as important as the utilization of natural resources, or of scientific or technical achievements.

Hayek’s Critique of the Constructivist Utopia

While presenting Hayek’s critique of constructivism one should approach his way of understanding the subject of this critique. In Hayek’s opinion, constructivism is a symptom of a magnified belief in the power of human reason with the capital “R”. It is based on an utopian view that all the useful solutions and social institutions are (and should be) a product of a deliberate project of the social planner. More precisely, to make these solutions and institutions useful for people, one has to create them conscio-

⁷ Ibidem, 212.

usly and to realize the end presupposed, and also to allow for taking a full control over them. As it has been written, in Hayek's opinion, the inventor of the constructivist approach was Descartes and especially the heirs to him who continuously made misuses while adopting the settlements of the father of the rationalist philosophy to the field of social sciences. However, the constructivist aspirations are not the matter of previous centuries, so that they are of an interest only to a historian of idea. As a witness of the 20th century's events, Hayek does not doubt the constructivist tendencies have not only remained vital, but have also gained a new support, and seem to indivisibly dominate in contemporary economic, political and social life.

Hayek writes that as a result of domination of the constructivist tendencies in the 20th century, we have decided to replace an anonymous and impersonal market mechanism with a collective and conscious making ourselves as well as all the social forces direct towards the ends picked up deliberately. This shift means, in his opinion, an entire separation from the individualistic tradition which had formed the Western civilization, and amounts to getting on "the road to serfdom". The terms like "political engineering" or "social engineering" have become fashionable catchwords, which express the fascination with a "conscious" control over the whole of the social world. What is always the end of a social planner's constructivist measures is a transformation of the spontaneous order into the organization, of cosmos into taxis, or of catallactics into the economy. This shift was caused by the very fact that during the first half of the 19th century the meaning of the term "science", which had previously been understood broadly, got narrower and narrower and became a synonym with the terms used to name the natural (i.e. physical and biological) disciplines. These disciplines started to demand a special rigor and certainty for themselves, and their success has led to an unknown before fascination over the methods used by them. These methods have thus been imitated and applied in the social sciences. It is this unreflective imitation and transfer of the methods and solutions of the natural sciences to the social sciences which Hayek calls the scientism, that is a source and a basis of the contemporary constructivists' aspirations. Although in a later period Hayek softened his antinaturalistic position a little, he remained an irreconcilable critic of the scientism so defined⁸.

⁸ F. A. Hayek, *The Influence of the Natural Sciences on the Social Sciences*, in: *The Counter-Revolution of Science. Studies on the Abuse of Reason*, Liberty Press, Indianapolis 1979, p. 19-20.

Objectivism, Collectivism and Historicism as a Basis for the Scientism Assumption

To try to understand the core of Hayek's critique of the constructivism, one should appeal to his objections to the objectivism, collectivism and historicism, respectively. According to Hayek, these three positions characterize the scientific attitude the most while being the cause of all errors and misunderstandings linked with this attitude. To simplify the whole issue a little, one might say that while criticizing the constructivism broadly defined, Hayek directs his most significant objections towards its tools. The objectivism is the first position to be analyzed by Hayek's critique. While defining it he points out that in the research both on man and on society the objectivism expresses most characteristically in various trials to free from the subjective knowledge we have. The objectivism states that the social reality can be described in the objective language, i.e. a language independent from the individual's subjective knowledge. While criticizing this Hayek says that the things which appear before us as identical may not at all be identical or similar in any objective sense, i.e. may possess no common but subjective properties. In other words, the qualities that we perceive are not any properties of some objects, but they are the ways in which we have learnt to group or classify the outer stimuli. What we call the social facts are not anything given in the objective way, which means they cannot exist independently from the acting agents' consciousness. Moreover, for the objectivity-oriented researcher who usually applies the quantitative methods there objectively "exists" only what is measurable, countable, and what defines a constant relation between the measurable magnitudes. In short, what "exists" is what can be defined and expressed in terms of mathematics. At the same time, what cannot be confirmed by numbers and does not contribute to make the reflection on the social reality more scientific is sentenced to mockery or oblivion. In Hayek's opinion, "the blind transfer of the striving for quantitative measurements to a field in which the specific conditions are not present which give it its basic importance in the natural sciences, is the result of an entirely unfounded prejudice. It is probably responsible for the worst aberrations and absurdities produced by scientism in the social sciences"⁹.

A methodological collectivism is the next position characteristic of the scientific approach. It is closely linked with the objectivism and most fre-

⁹ F. A. Hayek, *The Objectivism of the Scientific Approach*, in: *The Counter-Revolution of Science*, op. cit., p. 89-90.

quently expresses through the tendency to take the collections like society, economy, capitalism, industry, social class or state to be the data. More precisely, all these collections are meant to be the objects of which one may formulate the laws due to their observation as the wholes. Hayek criticizes the collectivism and states that while the physical phenomena may be directly observed (they are directly given to us), and, therefore, such a natural scientist's attitude is fully justified, the social phenomena are not observable in this way. This is why a social scientist has to start from the theoretical settlements which are based on the subjective knowledge gained by an appeal to the analogy to the scientist's own mind: "Social wholes are not given to us as what we may call *natural units* which we recognize as similar with our senses, as we do with flowers or butterflies, minerals or light rays, or even forests or ant heaps"¹⁰. While trying to show the collectivistic approach advocating naivety, Hayek emphasizes the complex wholes, which are the basis and subject of their research, are nothing more than the provisional theories to be present in general consciousness. These wholes are the models which to explain the connections between particular and separate phenomena being observed. Instead of reconstruction of the wholes on the grounds of the connections between individual minds directly known, the methodological collectivists attempt to grasp these wholes as if "at once".

The third methodological assumption to serve the description of the core of the scientific approach is the historicism. In short, this attitude amounts to a trial of making history a "science" which would remain the only valid reflection on the social phenomena. For Hayek, the critique of the historicism is the best way of picturing his antinaturalistic position on the status and the methods of the social sciences. In his opinion, the so-called historical facts cannot be defined in terms of time and space coordinates. On the contrary, any trial to define them has to take a form of a mental reconstruction, i.e. a model composed of the individuals' understandable attitudes. The mental reconstruction of a historical fact is based on the same foundations the reconstruction of any other social fact is. In short, this reconstruction is a theory, and allows one to understand the social phenomena and processes (or past phenomena and processes as in case of history). The course is not, Hayek says, the first one which states "given" historical facts to use them for later formulation of the generalizations about them. One's research procedure in the field of history goes in the very opposite direc-

¹⁰ F. A. Hayek, *The Collectivism of the Scientific Approach*, in: *The Counter-Revolution of Science*, op. cit., p. 96-97.

tion: first one formulates the theory to use knowledge of a given period to select the elements which compose the historical fact in an understandable way. Moreover, “the naive view which regards the complexes which history studies as given wholes naturally leads to the belief that their observation can reveal *laws* of the development of these wholes. This belief is one of the most characteristic features of that scientific history which under the name of historicism was trying to find an empirical basis for a theory of history or a *philosophy of history*, and to establish necessary successions of definite *stages, phases, systems* or *styles* following each other in historical development”¹¹.

To summarize the critique of the scientism, Hayek confronts the planner’s constructivist problem with the engineer’s technical problem. While accepting the assumptions given above, the social planner makes the scientific misuse. He thus approaches the social issues in a way the engineer approaches the technical problem he is to cope with. In Hayek’s opinion, the engineer fully controls a piece of the reality in which he is interested. It is hard to talk about any misuses or erroneous assumptions of the engineer’s activity until this activity refers to “his world”, i.e. the world being described by the objective regularities of nature. (A huge technical progress or the successes of the natural sciences may serve as a practical confirmation of this very fact.) However, when the engineer or anybody who accepts the engineering assumptions and research perspectives attempts to transfer and apply his “tools” to the social world (and especially the field of economy), this must produce a negative result. The engineer who becomes a social planner or a “social engineer” begins to face the problems whose nature is by no means compliant with the problems being previously solved. The core of the misuse linked with the transfer mentioned above can be reduced to an erroneous presupposition according to which the objected reality to be comprehended and expressed in the measurable magnitudes is a target of the social planner’s actions. The consequence of this presupposition being accepted is a belief that the planner as well as the engineer has (or may have at any time) a full knowledge required to successfully fulfill his intentions. To gain this knowledge, and to state all the information and conditions of actions, is for the planner only a technical problem to be easily solved. In other words, the planner presupposes that he has already got all the “data” required to solve the problem. At the same time, the knowledge of all that is called “data” may only exist in a dispersed form. It is accessible only

¹¹ F. A. Hayek, *The Historicism of the Scientific Approach*, in: *The Counter-Revolution of Science*, op. cit., p. 128.

for the individual who acts in his native environment while taking the form of *the knowledge of the particular circumstances of time and place*. Most frequently it is the practical knowledge called “knowledge of how” which usually cannot be verbalized or articulated. What is an immanent feature of such a kind of knowledge is, first of all, that no one can pass it to any central power. This is why it cannot become a basis for any constructivist techniques. The planner talks about the “society knowledge” and therefore, amounts to nothing but using a metaphor.