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## CHAPTER 5

Emily Skarbek

### *F. A. Hayek and the Early Foundations of Spontaneous Order*

The “short-sighted wisdom, of perhaps well-meaning people, may rob us of a felicity, that would flow spontaneously from the nature of every large society, if none were to divert or interrupt this stream.”<sup>1</sup>

I do not intend to pitch my claim on behalf of Mandeville higher than to say that he made Hume possible.<sup>2</sup>

As one of the most significant intellectuals of the twentieth century, F. A. Hayek’s contributions in economics, political science, political theory, and psychology often overshadow his lifelong fascination with the origins and development of social theorizing, in particular his concern for the history of ideas in political economy. Throughout his intellectual history, Hayek credits the contributions of Scottish Enlightenment thinkers for their discovery of orderly processes that are of human action but not human design, and he maintains a strong interest in tracing the origin and decline of these ideas in political economy.<sup>3</sup> In particular, Bernard Mandeville and Adam Smith are two key figures in Hayek’s account of the early foundations of spontaneous order theorizing.

This paper begins by examining Hayek’s views on spontaneous order over the course of his career. I argue that the importance Hayek places on the early foundations of Mandeville and Smith is closely connected to both his unfinished project, *The Abuse and Decline of Reason*, and his increasingly evolutionary approach to understanding the relationship between rules and order. Then I detail the significance of Mandeville by way of two key relationships to Hayek’s own contributions to spontaneous order theory. First, Mandeville had distinctive insights into the

relationship between human nature and processes of spontaneous order. Second, Mandeville was central in creating conceptual space for positive theories of spontaneous order processes that recognized the limitations of rational constructivist interventions. This general applicability and way of understanding these processes was aided by his methodological individualist approach of giving conjectural historical accounts of these processes unfolding through time. These conjectural historical accounts can further be seen as early analytical narratives explanations of the principle that gives rise to such orders. I conclude with remarks concerning the relevance of these ideas to advancing modern research agendas in political economy.

The paper's focus on Mandeville takes advantage of the fact that F. B. Kaye's commentary that accompanied his 1924 edition of *Fable of the Bees* was singled out by both Hayek and his friend Jacob Viner as the starting point to discuss the history of social evolutionary theorizing. One aspect of the controversy between Hayek and Viner, whom for good reason Hayek believed the greatest authority on history of economic ideas, concerns Kaye's reading of Mandeville. Although their disagreement on evolutionary theorizing in Mandeville is well known,<sup>4</sup> it was prefigured by private correspondence. Moreover Viner's 1961 review of *Constitution of Liberty* asked (first) whether Hayek's evolutionary account escaped from the social Darwinism he had written against twenty years earlier and (second) why the role of government cannot itself be thought of in terms of an evolutionary process. Viner's questions to Hayek continue to be a matter of discussion.<sup>5</sup>

### **Hayek and the History of Spontaneous Order Theorizing**

Beginning with his inaugural lecture at the London School of Economics in 1933, Hayek situates the current state of economics as a departure from a broader tradition of classical political

economy. According to Hayek, social science had abandoned “analytical economics” by subscribing to the ideas of the German Historicists who advocated examining the causes of social phenomena not based on general principles but on the particular historical circumstances and exigencies unique to each case in question. Analyzing the social world without reference to individual action and general laws opened the door for ad hoc theories of social wholes and critiques of market processes independent of their composite parts. Failures of systems became the focus rather than theories of their operation, and this strengthened the temptation for planners to attempt to control the particular undesirable aspects of social processes.<sup>6</sup>

For Hayek, this “Trend in Economic Thinking” was a staunch departure from the Scottish Enlightenment project of a theoretically informed method of examining an interconnected system of social coordination. The classical approach centered on the idea that the orderly processes of the social world were often brought about by unintended consequences, and in many cases were the outcomes of what “in isolation might be regarded as some of the most objectionable features of the system.”<sup>7</sup> Understanding these orderly features of life was possible by way of explicating the general mechanisms of their function.

In “Scientism and the Study of Society,” a three-part article spanning 1942 to 1944, Hayek connected this trend in the scope of economic thought to the ill-suited adoption of methodological approaches that imitated the natural sciences, what Hayek termed “scientism.”<sup>8</sup> Hayek thought the purview of social science was moving away from understanding the central processes of human progress.<sup>9</sup> To adequately study processes of human social coordination as articulated by the Scottish Enlightenment thinkers, Hayek argues, requires a methodological approach that is suitable to the objects of inquiry. Because the facts of the social sciences are the subjective interpretations of local contextual conditions and these data are not given, fixed, or

stable over time, the methods of the natural sciences are not appropriate for social science. The fundamental nature of social science data restricts our ability to offer more than general “explanations of the principle” by which spontaneous orders operate.

In developing his arguments concerning the importance on context specific local knowledge amidst a wider debate on the viability of central planning,<sup>10</sup> Hayek came to place increasing importance on the role of institutions in creating the conditions for the utilization and transference of knowledge. In turn, Hayek began working on questions concerning the emergence of institutions through similar processes.

Hayek emphasizes the idea that the same mechanisms by which we understand successful plan coordination in markets can be applied to understanding the communicative function of rules that govern market activities. “Just as the existence of a common structure of thought is the condition of the possibility of our communicating with one another, of your understanding what I say, so is it also the basis on which we interpret complicated social structures as those we find in economic life or law, language, and in customs.”<sup>11</sup>

To understand social order, Hayek begins with the idea that the data by which individuals act upon are constructed from their own perceptions of the relevant facts on which they act. Individuals act based on their interpretations of the context and problems as they confront them. People attribute meaning to events because they “interpret the phenomena in light of our own thinking.”<sup>12</sup> We rely on our interpretive understanding not only to supply meaning to our interactions but also to orient our action to those with whom we interact. Our understanding of ourselves and what it means to be human supply us with the mechanism by which we interpret and understand other social agents. Language is a mechanism to communicate with others,

providing insight into human relations. For Hayek, to explain or “understand human action without access to this type of knowledge” would be impossible.<sup>13</sup>

For Hayek, the central question of social theorizing is how the diverse and often divergent interpretations of the world come to be coordinated with one another to achieve social cohesion. As Hayek states, the 1937 “Economics and Knowledge” marked the “decisive step in this development of my thinking” about the manner in which prices guide the behavior of agents in the market ex-ante and “must be explained in determining what people ought to do—they’re not determined by what people have done in the past.”<sup>14</sup>

Adequately studying these complicated social structures is contingent on adopting a framework of thought that does not preclude the phenomena one wishes to investigate. Closely connected to Hayek’s methodological critiques of the rise of formalism and positivism was his deep concern with the trend in social theorizing that had come to assume man’s reason was capable of designing systems superior to those complex, undersigned orders. These two particularly dangerous trends in the study of political economy led Hayek to want to understand the origins of spontaneous order theorizing and trajectory of thought that diverged from these origins.

In his 1945 lecture “Individualism: True and False,” Hayek begins to unpack this question of the origins of spontaneous order theorizing by elaborating the distinction between the two general streams in economic thought.<sup>15</sup> The first is what he terms “individualism true,” which he attributed to the British tradition beginning with John Locke and including Mandeville, David Hume, Josiah Tucker, Adam Ferguson, Smith, Edmund Burke, as well as, Alexis de Tocqueville and Lord Acton. The second are the French and Continental writers heavily influenced by Cartesian rationalism. The “individualism true” tradition sought to provide a

positive theory of society based first and foremost on the understanding of “individual actions directed toward other people and guided by their expected behavior.”<sup>16</sup> For Hayek, “there is no other way toward understanding of social phenomena.”<sup>17</sup> Hayek’s most important and significant contribution is arguably his explanation of how the price mechanism captures the private and dispersed knowledge in an economy and utilizes that knowledge in such a way that leads to an efficient allocation of resources in society. Hayek’s 1945 “The Use of Knowledge in Society” is the most well known single expression of the idea that the economic problem facing societies is how to overcome the epistemic limitations of any one individual by spontaneous order of the price system.<sup>18</sup>

Beginning in the 1950s, Hayek’s writing shows a movement from his arguments concerning the communicative function of the market price system to similar treatments of the knowledge transmission processes of spontaneous orders. Specifically, these arguments came to focus on the evolutionary mechanisms by which rules, morals, norms, and established practices emerge and operate in governing social order. Following an appointment to the Committee on Social Thought at the University of Chicago in 1950, Hayek published a portion of what he had originally intended to be part of a larger project on *The Abuse and Decline of Reason* under the title of *The Counter Revolution of Science*. This volume contained his “scientism” articles along with a fuller exposition of the problem of appropriate methodology of the social sciences.

The same year *The Counter Revolution of Science* appeared in print, Hayek also published *The Sensory Order*.<sup>19</sup> The latter dealt specifically with the human mind as an ordering mechanism displaying many of the same properties as other complex systems. Hayek’s time at the Committee on Social Thought proved influential on his writings, and throughout the 1950s

his work on spontaneous orders shows the influence of his increased interest in biologists, systems theorists, and cybernetics.<sup>20</sup>

Hayek's 1955 paper "Degrees of Explanation" is the decisive turning point in Hayek's thinking, advancing the ideas of his first efforts with The Abuse of Reason project.<sup>21</sup> The methodological limitations to explanations of the principle were now the feature of complex (as opposed to simple) phenomena. Hayek could now attribute the properties and methodologies of complex spontaneous orders across the various sciences, whereas before he had distinguished the natural sciences from the social. As Caldwell shows, Hayek illustrates his ideas in "Degrees of Explanation" with examples from evolution—unifying his ideas of "explanation of the principle" with the evolutionary theories of variation and selection.<sup>22</sup>

There is private correspondence that prefigures public disputes. Hayek sent Viner a letter in early 1956 defending the concept of "explanations of the principle." This was likely a response to Viner's reading of Hayek's "Degrees of Explanation" piece, although the correspondence is incomplete. In the letter, Hayek addresses the nature of theory *ex ante* to inform a given problem. Hayek writes,

"I don't think it is possible to generalize about what will be essential for a given problem. Sometimes it may be sufficient to know only that if a and b move together in the same direction c will move in the opposite direction without even knowing the absolute signs, sometimes the signs will be the crux of the problem and sometimes even fairly precise quantitative data of the particular situation may be essential."<sup>23</sup>

Hayek is clearly emphasizing that it is the nature of the problem at hand and the specific context which will determine the best approach in which to address the topic. Hayek continues by writing to Viner, "All I wanted to stress is that theoretical statement need not be unimportant although we may have not quantitative data whatever and incidentally give precise meaning to what is often inexactly referred to as 'merely qualitative' statements."<sup>24</sup>



Following this conceptual turn in Hayek's thought, it is not surprising that Hayek finds the evolutionary ideas regarding spontaneous order more interesting in the contributions of the early spontaneous order theorists. The 1960 *Constitution of Liberty* contains two chapters with direct treatments of evolutionary ideas.<sup>25</sup> Building on what he had first outlined in "Individualism: True and False," Hayek sought to detail the contributions of what he termed the "British Tradition." The legacy of the Scottish Enlightenment thinkers, writes Hayek, is "an interpretation of the growth of civilization that is still the indispensable foundation of the argument for liberty. They find the origin of institutions not in contrivance or design, but in the survival of the successful."<sup>26</sup>

Specifically, Hayek states that the "anti-rationalistic insight into historical happenings that Adam Smith shares with Hume, Adam Ferguson, and others enabled them for the first time to comprehend how institutions and morals, language, and law, have evolved by a process of cumulative growth and that it is only with and within this framework that human reason has grown and can successfully operate."<sup>27</sup> Hayek made the switch from the natural–social science distinction he had developed within the context of his "Individualism: True and False" argument to a distinction between simple and complex evolutionary systems.

During the same year, Jacob Viner published "The History of Laissez-Faire," which downplayed the Smithian insights of interest to Hayek.<sup>28</sup> Viner challenged the evolutionary distinctions Hayek had been developing and suggested that Hayek's *The Road to Serfdom*—originally intended as the final component of The Abuse of Reason project—was an arbitrarily selected point along the political economy spectrum.<sup>29</sup> Hayek also sent Viner an advanced copy of *The Constitution of Liberty* and Viner's review demonstrates that he was well aware of Hayek's more evolutionary take on the foundations of spontaneous order theorizing.<sup>30</sup> Hayek

and Viner discussed both the greater issues surrounding the evolutionary perspectives on spontaneous orders as well as their interpretations and Mandeville.<sup>31</sup>

Throughout the 1960s while at the University of Freiburg, Hayek published a series of essays that expressed his evolutionary conception of rules and order. He revisited the work of Mandeville and Smith, publishing two essays dedicated to their insights amidst his later work on the evolutionary nature of systems of rules.<sup>32</sup>

In his “Lecture on a Master Mind: Dr. Bernard Mandeville,” which he gave to the British Academy in 1966,<sup>33</sup> Hayek uses the occasion to address Viner’s reading of Mandeville a non-evolutionary and anti-laissez-faire.<sup>34</sup> Viner stressed Mandeville’s frequent use of “the dexterous management by which the skillful politician might turn private vices into public benefits”<sup>35</sup> to imply Mandeville advocated government intervention.<sup>36</sup> Hayek clarified his views on Mandeville and accepted the response offered by Nathan Rosenberg that the phrase Viner quoted is an unfortunately short-hand description that conceals the workings of an evolutionary process.<sup>37</sup> Hayek makes it explicit that he is not interested in Mandeville for his work in technical economics or his theory of ethics.

In response to Hayek’s British academy lecture, Viner writes to Hayek. Viner indicating he does not agree with Hayek’s interpretation of Mandeville, writing to Hayek that his views present “some real puzzles of your making”.<sup>38</sup> Viner nevertheless upholds his earlier views on Mandeville, stating he has “nothing to withdraw, to amend, or to justify” aside from an early error he attributes to following the Kaye edition. He then goes on to write,

“...with what you have been saying about Mandeville’s evolutionary thought I am probably in full agreement. Note, however, the way he evades the non-evolutionary language doctrine then compulsory for all because of the authority of the Genesis texts bearing on the origin of Hebrew and, after the Tower of Babel, of other languages.”<sup>39</sup>

Viner thus recognizes some aspect of Mandeville's evolutionary contribution, particularly with respect to the way in which his thought stood outside of the accepted theology of the period, but does not accord it much weight. He remains unconvinced these ideas are central to Mandeville's contribution and argues that Hayek and Kaye's miss the spirit of Mandeville.<sup>40</sup> For Viner, whatever extent to which the evolutionary component in Mandeville is important, it does not prevent the deliberate design of interventions into spontaneous orders by political agents.

Hayek however, attributes to Mandeville three distinct contributions that make him an important figure in the early foundations of spontaneous order theorizing. First, in circumscribing Mandeville's contribution, Hayek praises Mandeville for his psychological insight into human nature.<sup>41</sup> Second, Hayek credits Mandeville with originating the "breakthrough in modern thought of the twin ideas of evolution and of the spontaneous formation of order."<sup>42</sup> This breakthrough was a result of challenging the habits of thought which had persisted with the Greek dichotomy between "natural (*physei*) and that which is artificial or conventional (*thesei* or *nomos*)".<sup>43</sup> Third, Hayek clearly saw Mandeville's application of spontaneous order theorizing to new topics (those of both natural and social science) and broader social patterns as a distinguishing feature his work in the history of ideas. As Hayek came to abandon his earlier natural / social science distinction for the study of systems in favor of a more evolutionary distinction between simple / complex orders, it is likely that he became more aware of the importance of Mandeville's contribution in this respect.

First, it is important to clarify that it is not Mandeville's economics or his notorious moral paradox that earn him significance for Hayek. In fact, Hayek believes Mandeville did himself a disservice by starting with the contrast between the selfishness of motives and the general

benefits that such privately motivated behavior produces. Reading Mandeville's *Private Vices, Publick Benefits* with a focus on the obvious moral paradox prevented, in Hayek's opinion, the appreciation of his more fundamental and general evolutionary contribution. Like Rosenberg, Hayek believed Mandeville's central thesis was much deeper and more advanced in his later writings<sup>44</sup> and found in Mandeville the core building blocks of David Hume's views on mind and society.<sup>45</sup> In other words, Hayek saw in Mandeville a methodological individualist account of agents, "all of them very little differing from one another in natural parts and sagacity" producing an unintended order.<sup>46</sup> By sidestepping the ethical baggage of virtue and vice, Hayek focuses squarely on his positive contributions as a social theorist examining the mechanism by which particular orders emerge.

Hayek does, however, term Mandeville a "great student of human nature" but again, not for his characterization of selfish action. Hayek was impressed by Mandeville's psychological insights about the ways in which people tend to create "ex post rationalization of actions directed by emotions."<sup>47</sup> Hayek views Mandeville's insights into human psychology as remarkably modern and this is likely due to the connection with Hayek's own work on the emergent structure of the cognitive process in *The Sensory Order* and Hayek's ideas on the interpretive and subjective nature of economic phenomena.

Mandeville's psychology is thoroughly situated within the anti-rationalistic tradition in which Hayek grounds his theory of institutional evolution. Mandeville holds a philosophical position that believes the rational faculties of man are determined by the mechanism through which it has its being. As such, these views reinforce Mandeville's idea that man's reason is directed towards discovering that which will further the agent's desires. This conception of the relationship between reason and action suggests that men will naturally act in accordance with

what they perceive to be profitable behavior. Moreover, man's sociability comes about from both his insatiable wants and his frustrations with efforts to meet these wants. Man's rationality is therefore constrained by his practical limitations of local knowledge, time, and place. This anti-rationalistic, adaptive, and "ecologically rational" view of human agency in Mandeville is attractive to Hayek.<sup>48</sup>

As mentioned above, Hayek's theory of the structure of the brain was influential in his thinking about the evolutionary conception of rules.<sup>49</sup> Hayek makes note of Mandeville's treatment of the structure and function of the brain<sup>50</sup> but does not draw out the precise connections. However, these connections are apparent in Mandeville's Fourth Dialogue. Here Mandeville discusses the structure of the human brain, and develops the idea that even if one could physically deconstruct and understand each of the component parts of the brain, "the best Naturalist must acknowledge...as to the mysterious Structure of the Brain itself, and the more abstruse Oeconomy of it, that he knows nothing"<sup>51</sup>

Mandeville suggests that operation of mind cannot be reducible to the physical operation of the parts, speaking of an "unconceivable Order" in which parts of the brain are "cluster'd together in a perplexing variety of Folds and Windings."<sup>52</sup> Here the "Senses deposite [sic] the vast Treasure of Images, constantly, as through their Organs they receive them...always, either searching for, or variously disposing the Images retain'd, and shooting through the infinite Meanders of that wonderful Substance, employ themselves, without ceasing, in that inexplicable Performance, the Contemplation."<sup>53</sup> This treatment of the complexity and spontaneous ordering of the mechanism was particularly attractive to Hayek to both his own conceptions of psychology in *The Sensory Order*, as well as his interpretive epistemology of social science. In fact, Hayek concludes his essay on Mandeville by directly pointing to the relationship between

the two. He states that Mandeville and Hume were responsible for showing that “the sense of justice and probity on which the order in this sphere rested, was not originally implanted in man’s mind but had, like that mind itself, grown in a process of gradual evolution which at least in principle we might learn to understand.”<sup>54</sup>

To see the relationship between Hayek and Mandeville, consider Hayek’s 1962 essay “Rules, Perception, and Intelligibility” where he interweaves his evolutionary ideas across a wide variety of fields, integrating ideas spanning biology, psychology, philosophy of mind, and methodology of the social sciences.<sup>55</sup> The essay preceded his piece on Mandeville and shows his early attempts to put his more evolutionary conceptions of order together with the idea that all animals, including humans, are rule-following creatures. The rules to which their behavior conforms are abstract, and in making use of these rules, individuals are unaware of their utilization. The two examples that Hayek uses to illustrate his point are the use of complex rules of grammar in language and the ability to recognize facial expressions and interpret emotions, both of which are examples Mandeville develops in *Fourth Dialogue*.<sup>56</sup>

Mandeville’s evolutionary approach to understanding language transmission comes out of his later revisions of *The Fable*, where he offers a conjectural account of how children attain the skills of language and facial recognition. “The best Thing, therefore, we can do to Infants after the first Month, besides feeding and keeping them from Harm, is to make them take in Ideas, beginning by the two most useful Senses, the Sight and Hearing; and dispose them to set about this Labour of the Brain, and by our Example, encourage them to imitate us in Thinking.”<sup>57</sup> The more adults play with and talk to infants in their early stages of development, the more capacity the child will have to mimic and adopt these traits.

Mandeville makes clear that these skills develop by habit and not because of constructed methods of learning. For instance, he suggests that to raise an infant, rather than “the Wisest Matron in the World, I would prefer an active young Wench, whose Tongue never stands still, that should run about, and never cease diverting and playing with it whilst it was awake; and where People can afford it, two or three of them, to relieve one another when they are tired.”<sup>58</sup> For Mandeville, the “non-sensical Chat of Nurses” is “of inestimable Use” to infants because “[w]hat Infants should chiefly learn, is the Performance itself, the Exercise of Thinking, and to contract a Habit of disposing, and with Ease and Agility managing the Images retain’d, to the purpose intended.”<sup>59</sup>

As Hayek’s theory of human social institutions became increasingly evolutionary, he argued that the rules conducive to human flourishing were never invented or designed. Institutions which have made the extended order of exchange possible emerged through a process of “winnowing and sifting, directed by the differential advantages gained by groups from practices adopted for some unknown and perhaps purely accidental reasons.”<sup>60</sup> Informal and formal institutions led to patterns of behavior that made it possible for people to engage in greater degrees of complex coordination. Those patterns of behavior which promoted the division of labor and knowledge were adopted and successful institutions persisted and spread. The foundational rules governing “property, honesty, contract, exchange, trade, competition, gain, and privacy” were never “invented” but rather discovered over the course of many centuries of social evolution.<sup>61</sup>

Hayek’s *Law, Legislation and Liberty* project contains further developments of what he had much earlier viewed as part of The Abuse of Reason project. In Volume 1, Hayek introduces the distinction between *kosmos* and *taxis*, which develops the idea of the conceptual

distinction for positive theories of spontaneous order that he found attractive in Mandeville.<sup>62</sup> Here Hayek's evolutionary treatments of spontaneous order theorizing come to full fruition—coming to perhaps their strongest forms in Hayek's essay on the three sources of human values: our genetic inheritance; those that are the product of rational thought; and finally culture, which “is neither natural nor artificial; neither genetically transmitted nor rationally designed.”<sup>63</sup> Hayek brings the ideas full circle by suggesting that “mind and culture developed concurrently and not successively.”<sup>64</sup> Finally, Hayek elaborates on this further in the *The Fatal Conceit* when discussing the extended order lying “between instinct and reason.”<sup>65</sup>

By the end of his career, Hayek comes “to believe that both the aim of the market order, and therefore the object of explanation of the theory of it, is to cope with the inevitable ignorance of everybody of most of the particular facts which determine this order.” By a process which men did not understand, their activities have produced an order much more extensive and comprehensive than anything they could have comprehended. However, “Even two hundred years after Adam Smith's *Wealth of Nations*, it is not yet fully understood that it is the great achievement of the market to have made possible a far-ranging division of labor, that it brings about a continuous adaptation of economic effect to millions of particular facts or events which in their totality are not known and cannot be known to anybody.”<sup>66</sup>

Finally, what Hayek finds to be of direct relevance to his work on the limitations of our knowledge is Mandeville's investigation into the evolution of institutions over time. Mandeville argues, “that we often ascribe to the excellency of man's genius, and the depth of his penetration, what is in reality owing to the length of time, and the experience of many generations.”<sup>67</sup> Developing this with direct reference to laws, Mandeville explains, “there are very few that are the work of one man, or of one generation; the greatest part of them are the product of the joint



labor of several ages.”<sup>68</sup> Hayek suggests that Mandeville’s “new genetic or evolutionary view” was significant because of the applications he made to society at large and the extension of this thinking to new areas.<sup>69</sup>

Hayek concludes that Mandeville’s argument is primarily concerned with showing how most of societies’ institutions are not the result of design, but how “a most beautiful superstructure may be raised upon a rotten and despicable foundation”<sup>70</sup> and how “the order, oeconomy, and the very existence of civil society...is entirely built upon the variety of our wants...so that the whole superstructure is made up of the reciprocal services which men do to each other.”<sup>71</sup>

#### **4. Conclusions**

The implications of this account have immediate relevance for contemporary economics and the practice of social science. First, embedded in this story of Hayek’s intellectual trajectory is the idea that at any given period of time there may be competing notions of what constitutes advancement in the study of social order. Scientific progress may not be a simple linear ordering process where what is current, or at the forefront of science, is necessarily at the forefront of truth. If so, the role of the history of ideas becomes of pronounced importance in providing access to alternative ways of addressing pressing gaps in our current body of knowledge. By revisiting the work of Mandeville, Hayek orients his own thought concerning the knowledge properties of evolutionary spontaneous orders within the work of his theoretical predecessors.

Second, if the study of complex systems is fundamentally limited to explanations of the principle, then this warrants rethinking the place of conjectural histories and analytical narratives in contemporary social theory. For Hayek, Mandeville is an important character in the history of

political economy because of his role of widening the application of spontaneous order theorizing to areas of markets, law, morals, language, and culture. If the fundamental questions of social theory involve understanding the emergence and evolution of the institutions which give rise to an extensive process of division of labor and wealth creation, and the complex nature of the phenomena in question dictates the methods we employ in answering those questions, more room within the current debate may be allowed for these methods of understanding spontaneous order.<sup>72</sup>

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<sup>1</sup> Bernard Mandeville, *The Fable of the Bees or Private Vices, Publick Benefits*, ed. F. B. Kaye (Oxford: Clarendon Press, 1924), vol. 2, 353.

<sup>2</sup> Friedrich A. Hayek, "Dr. Bernard Mandeville (1670-1733)," in *The Collected Works of F. A. Hayek*, vol. 3, ed. W. W. Bartley III and Stephen Kresge, *The Trend of Economic Thinking:*

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*Essays on Political Economists and Economic History* (Chicago: University of Chicago Press, [1966] 1991), 95.

<sup>3</sup> Friedrich A. Hayek, “The Results of Human Action but not of Human Design,” in *Studies in Philosophy, Politics and Economics* (Chicago: University of Chicago, 1967), 96–105.

<sup>4</sup> The reprint of Hayek’s essay on Mandeville in the *Collected Works* includes evidence that he continued to follow the scholarship in which his public discussion with Viner and Rosenberg were central issues. Hayek, “Dr. Bernard Mandeville,” 100.

<sup>5</sup> Jacob Viner, “Hayek on Freedom and Coercion,” *Southern Economic Journal* 27, no. 3 (January 1961): 230–36. Hayek and social Darwinism are discussed by Peart and Levy elsewhere in this present volume. Hayek and evolved rules are discussed by Gaus in this present volume. Viner’s challenge to a listing of “appropriate” government functions is that on Hayekian grounds government policy is endogenous. Viner, “Hayek on Freedom and Coercion,” 235: “It seems feasible to me to apply Hayek’s method of speculative history to government itself, and to treat it, with all its defects and such merits as Hayek may be willing to concede to it, as itself an institution which is in large degree a spontaneous growth, inherently decentralized, experimental, innovating, subject not only to tendencies for costly meddling but also to propensities for inertia and costly inaction.”

<sup>6</sup> Friedrich A. Hayek, “The Trend in Economic Thinking” in *The Collected Works of F. A. Hayek*, vol. 3, ed. W. W. Bartley III and Stephen Kresge, *The Trend of Economic Thinking: Essays on Political Economists and Economic History* (Chicago, University of Chicago Press, [1933] 1991), 17–34.

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<sup>7</sup> Ibid., 26–7: “From the time of Hume and Adam Smith, the effect of every attempt to understand economic phenomena—that is to say, of every theoretical analysis—has been to show that, in large part, the coordination of individual efforts in society is not the product of deliberate planning, but has been brought about, and in many cases could only have been brought about, by means which nobody wanted or understood, and which in isolation might be regarded as some of the most objectionable features of the system. It showed that changes implied, and made necessary, by changes in our wishes, or in the available means, were brought about without anybody realising their necessity. In short, it showed that an immensely complicated mechanism existed, worked and solved problems, frequently by means which proved to be the only possible means by which the result could be accomplished, but which could not possibly be the result of deliberate regulation because nobody understood them. Even now, when we begin to understand their working, we discover again and again that necessary functions are discharged by spontaneous institutions. If we tried to run the system by deliberate regulation, we should have to invent such institutions, and yet at first we did not even understand them when we saw them.”

<sup>8</sup> Friedrich A. Hayek, “Scientism and the Study of Society” first appeared in three part in the London School of Economics journal *Economica*. The original publications are 9, No. 35 (August 1942), 267–291; 10, No. 37 (February 1943), 34–63; 11, No. 41 (February 1944), 27–39. The standard edition in the future will be Friedrich A. Hayek, *The Collected Works of F. A. Hayek*, Bruce Caldwell, ed., vol.13, *Studies in the Abuse and Decline of Reason: Texts and Documents* (Chicago: University of Chicago Press, 2010).

<sup>9</sup> Ibid.

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<sup>10</sup> Peter Boettke, Emily Schaeffer, and Nicholas Snow, “The Context of Context: The Evolution of Hayek's Epistemic Turn in Economics and Politics,” *Advances in Austrian Economics* 14, no. 1 (2010): 69–86.

<sup>11</sup> Hayek, *Studies in the Abuse of Reason*, 76.

<sup>12</sup> Hayek, *The Sensory Order: An Inquiry Into the Foundations of Theoretical Psychology*, (Chicago: University of Chicago Press, 1952), 135.

<sup>13</sup> *Ibid.*, 43–44.

<sup>14</sup> Friedrich A. Hayek, *Hayek on Hayek*, ed. Stephen Kresge and Leif Wenar (London: Routledge, 1994), 68.

<sup>15</sup> Friedrich A. Hayek, “Individualism: True and False,” in *Individualism and Economic Order* (Chicago: University of Chicago Press, [1945] 1948), 1–32.

<sup>16</sup> *Ibid.*, 5. *Ibid.*, 4: “The true individualism which I shall try to defend began its modern development with John Locke, and particularly with Bernard Mandeville and David Hume, and achieved full stature for the first time in the work of Josiah Tucker, Adam Ferguson, and Adam Smith and in that of their great contemporary, Edmund Burke—the man whom Smith described as the only person he ever knew who thought on economic subjects exactly as he did without any previous communication having passed between them.”

<sup>17</sup> *Ibid.*, 6.

<sup>18</sup> Friedrich A. Hayek, “The Use of Knowledge in Society,” in *Individualism and Economic Order* (Chicago: University of Chicago [1945] 1948), 77–91.

<sup>19</sup> Hayek, *The Sensory Order*; Friedrich A. Hayek, *The Counter-Revolution of Science* (Glencoe, IL: Free Press), 1952.

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<sup>20</sup> Hayek attended the Darwin Centennial Celebration at the University of Chicago. Papers on a variety of evolutionary topics had been circulated in the year leading up to the meeting in 1959. Curiously, Hayek did not himself contribute a paper but joined a panel on “The Evolution of the Mind.” Bruce Caldwell, *Hayek’s Challenge: An Intellectual Biography of F. A. Hayek* (Chicago: University of Chicago Press, 2004), 303.

<sup>21</sup> Friedrich A. Hayek, “Degrees of Explanation,” in *Studies in Philosophy, Politics and Economics* (Chicago: University of Chicago, 1967), 3–21.

<sup>22</sup> Caldwell, *Hayek’s Challenge*, 302–03.

<sup>23</sup> See Hayek archives Box 56

<sup>24</sup> See Hayek archives Box 56.

<sup>25</sup> Friedrich A. Hayek, *The Collected Works of F. A. Hayek*, ed. Ronald Hamowy, vol.17, *The Constitution of Liberty: The Definitive Edition* (Chicago: University of Chicago Press, [1960] 2011).

<sup>26</sup> *Ibid.*, 112.

<sup>27</sup> Hayek, *Constitution of Liberty*, 112.

<sup>28</sup> Jacob Viner, “The Intellectual History of Laissez Faire,” *Journal of Law and Economics* 3 (October 1960): 45–692.

<sup>29</sup> The question of an evolved government is posed in Viner’s “Hayek on Freedom and Coercion.”

<sup>30</sup> *Ibid.*

<sup>31</sup> See also Hayek archives Box 56, file 21

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<sup>32</sup> Friedrich A. Hayek, *New Studies in Philosophy, Politics, Economics and History of Ideas* (Chicago: University of Chicago Press, 1978).

<sup>33</sup> Hayek, “Bernard Mandeville,” 79-100.

<sup>34</sup> *Ibid.*, 89. “I would not wish to dwell on this at any length, however, if it were not for the fact that Mandeville’s long recognised position as an anticipator of Adam Smith’s argument for economic liberty has recently been challenged by Professor Jacob Viner, than whom there is no greater authority on such matters. With all due respect, however, it seems to me that Professor Viner has been misled by a phrase which Mandeville repeatedly uses, namely his allusions to the ‘dextrous management by which the skilful politician might turn private vices into public benefits’.”

<sup>35</sup> Mandeville, *Fable of the Bees*, vol. 1, 51, and 369; vol. 2, 319.

<sup>36</sup> Jacob Viner, “Introduction” in Bernard Mandeville, *A Letter to Dion, 1732*. (Los Angeles, William Andrews Clark Memorial Library, University of California, 1953). Viner responds to F. B. Kaye’s laissez-faire interpretation of Mandeville. Hayek explicitly credits Kaye for inspiring his evolutionary reading of Mandeville, Hayek, “Individualism: True or False,” 9, Hayek is careful to note that outside the evolutionary developments Mandeville is a predictable mercantilist. Hayek, “Bernard Mandeville,” 89. This would, of course, come as no surprise to a reader of Eli Heckscher, *Mercantilism*, trans. Mendel Shapiro, revised edition ed. E. F. Soderlund. (London: George Allen & Unwin, [1931] 1955), vol. 2, 164–67; 366–67.

<sup>37</sup> Nathan Rosenberg, “Mandeville and Laissez-Faire,” *Journal of the History of Ideas* 24, no. 2 (April–June 1963): 184–198.

<sup>38</sup> The correspondence is cited in the notes to Hayek, “Bernard Mandeville,” 89.

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<sup>39</sup> See also Hayek archives Box 56, file 21

<sup>40</sup> See also Hayek archives Box 56, file 21

<sup>42</sup> Hayek, “Bernard Mandeville,” 81.

<sup>43</sup> *Ibid.*, 84.

<sup>44</sup> *Ibid.*

<sup>45</sup> *Ibid.*

<sup>46</sup> Mandeville, *Fable of the Bees*, vol. 2, 141.

<sup>47</sup> Hayek, “Bernard Mandeville,” 80: “Professor Kaye has duly drawn attention to the more remarkable of Mandeville’s psychological insights, especially to his modern conception of an *ex post* rationalization of actions directed by emotions.”

<sup>48</sup> F. B. Kaye’s “Introduction” in Bernard Mandeville, *Fable of the Bees*, ed. F. B. Kaye (Oxford: Clarendon Press, 1924), lxxxvi provides additional reasons to suggest that Mandeville was even deeper in the evolutionary camp. Animal automatism, the notion that animals are structured as machines, was an idea with which Mandeville would have been clearly aware of at the time. In addition, Mandeville took seriously the idea advanced by Gassendi (1649) that animals are sentient creatures and that man, as an animal himself, was driven by the passions. Perhaps this may be one of the reasons why Mandeville was a lifelong vegetarian. Nevertheless, for Mandeville, Reason was dependent on temperament, and as a medical doctor, Mandeville held an advanced theory of the relationship between his medical conceptions of the humors and temperament.

<sup>49</sup> Hayek, *Sensory Order*.

<sup>50</sup> Hayek, “Bernard Mandeville,” 126.



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<sup>51</sup> Mandeville, *Fable of the Bees*, vol. 2, 165.

<sup>52</sup> Mandeville, *Fable of the Bees*, vol. 2, 165.

<sup>53</sup> *Ibid.*, 166.

<sup>54</sup> Hayek, “Bernard Mandeville,” 97.

<sup>55</sup> Friedrich A. Hayek, “Rules, Perception and Intelligibility” in *Studies in Philosophy, Politics and Economics* (Chicago: University of Chicago, 1967), 43–65.

<sup>56</sup> Hayek employs this example in the “Scientism” and “The Facts of the Social Sciences” to explain the principle by which we acquire these abilities operates by recognition of abstract patterns and unknowing obeying abstract rules.

<sup>57</sup> Mandeville, *Fable of the Bees*, vol. 2, 169.

<sup>58</sup> *Ibid.*, vol. 2, 169.

<sup>59</sup> *Ibid.*, vol 2.,170.

<sup>60</sup> Friedrich A. Hayek, *Law, Legislation, and Liberty*, vol. 3, *The Political order of a Free People* (Chicago: University of Chicago Press, 1979), 155.

<sup>61</sup> Friedrich A. Hayek, *The Collected Works of F. A. Hayek*, vol. 1, ed. W. W. Batlery, III, *The Fatal Conceit* (Chicago: University of Chicago Press, 1988), 12.

<sup>62</sup> Friedrich A. Hayek, *Law, Legislation, and Liberty*, vol. 1, *Rules and Order* (University of Chicago Press, 1973), 37.

<sup>63</sup> Hayek, *Political Order*, p. 155.

<sup>64</sup> *Ibid.*, 156.

<sup>65</sup> Hayek, *Fatal Conceit*, 153.

<sup>66</sup> *Ibid.*, 19.

<sup>67</sup> Mandeville, *Fable of the Bees*, vol. 2, 141.

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<sup>68</sup> Ibid., 142.

<sup>69</sup> Hayek, “Bernard Mandeville,” 92–3.

<sup>70</sup> Ibid., 64.

<sup>71</sup> Ibid., 329; quoted in Hayek, “Bernard Mandeville.”

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