

JEREMY SHEARMUR (1996) *Hayek and After: Hayekian Liberalism as a Research Program*. New York: Routledge, x + 257 pp., \$69.95

We live in the age of Hayek. The great prophet of the eventual collapse of the economic system of the Soviet Union, Hayek predicted the impossibility of a socialist economy. More than anyone else, Hayek saw the interdependency of political and economic freedom. Thus, beginning with economic freedom in places as diverse as Chile and South Korea, those countries have inexorably moved to greater political and personal freedom, a process many have dubbed “Hayek running in reverse.” And throughout the world the spread of information technology, markets, and the amazing prosperity and freedom markets have brought validates on a daily basis Hayek’s insight that the fundamental human problem is the coordination of dispersed knowledge in a useable form.

If Locke was the leading political thinker of the seventeenth century, Smith and Rousseau of the eighteenth, and Marx of the nineteenth, Hayek will surely go down as the dominant thinker of the twentieth. As Keynesianism crashed in the stagflation of the 1970s and the welfare states of the world continue their inexorable marches toward bankruptcy, Keynes’s and Rawls’s claims to the twentieth century throne have dwindled away. And like Locke, Smith, Rousseau, and Marx, all of whom saw their greatest influence in the century after they initially wrote, Hayek’s influence is only beginning to be felt, and can be expected to blossom in the next century. But Hayek resembles prior thinkers in two other ways. First, the very breadth and depth of Hayek’s intellectual output is quite stunning, and in many ways quite daunting. Second, the reach of Hayek’s thought suggests that his insights in many fields will continue to be felt and mined by scholars for years to come.

It is with these thoughts in mind that I recommend Jeremy Shearmur’s book, *Hayek and After: Hayekian Liberalism as a Research Programme*, as an introduction to Hayek’s thought. In Shearmur, Hayek has found an intellectual biographer who can rise to the task of following Hayek across his many fields of inquiry. Shearmur is as adept as Hayek in moving from economics, to history, to politics, and beyond. Shearmur has also thoroughly mastered the secondary literature on Hayek, allowing him to explain the ways in which scholars are already pursuing Hayekian liberalism as a research program. What is most striking about Shearmur’s portrait is Hayek’s relentless relevance to contemporary intellectual debates. Indeed, Shearmur notes that throughout his career Hayek remained concerned about many of the social conditions that led him to socialism in his early intellectual life. The means Hayek prescribed to reach his ends changed over time, but the end goals he sought changed less dramatically. His lasting sympathy toward socialist goals enabled Hayek to engage socialists on their own terms, lending an authority and persuasiveness to his work that is lacking in many other classical liberals, conservatives and libertarians.

At the same time, the aspiration to engage in contemporary debates led Hayek’s intellectual focus to change over time. Hayek began as a pure economist, and his writings in the field remain central to the Austrian theory of the business cycle. Moreover, his contributions to the Socialist Calculation debate detailed the impossibility of central planning and predicted the eventual demise of planned economies. By 1933, however, Hayek was moving beyond traditional economics to explore the themes of the limits of knowledge and the role of spontaneous order in coordinating dispersed knowledge. In particular, it is at this relatively

early age that Hayek begins his course as an anti-Utopian, an unfashionable position in the intellectual atmosphere of the 1930s. Shearmur writes of Hayek's Inaugural Address to the London School of Economics in 1933: "[T]he *best* intentions that we can choose have ineliminable imperfections, which represent the negative side of institutions that are required if we are to realize goals of pressing moral importance . . . [T]he identification of this theme, the argument that such problems do not allow for utopian resolutions, and the elaboration of the significance of this point for normative political theory is one of Hayek's most important contributions to political thought" (p. 38).

In short, Hayek was one of the first scholars of the twentieth century to call specifically for a comparative institutional approach to politics. Unlike other market economists such as Murray Rothbard, Hayek did not reflexively dismiss government action in all cases. He also rejected the abstract claims of natural rights philosophers against government action. He was as unmoved by libertarian utopias as by socialist utopias. He did not automatically reject government intervention as a possible means for resolving social ills, and retained many views compatible with welfare state liberalism. He called for a sober analysis of competing institutions to reach shared social goals, and while he almost always concluded that decentralized solutions (such as markets and the common law) were superior to centralized legislative and regulatory action, this was not uniformly the case. Indeed, it is this very willingness to engage in comparative institutional analysis that has led some followers of Mises and Rothbard to attack Hayek.

Hayek's liberalism is one of prudence and experience, rooted in the spontaneous order of the Anglo-American common law. For Hayek, the common law and the market are interrelated, and their virtues rest on identical foundations. Both the market and the common law rest on decentralized decisionmaking, allowing individuals to act on local knowledge. Through many such individual actions, a superstructure of rules and coordination could emerge that exceed the imagination of any central economic planner or central lawmaker.

By anchoring Hayek in the intellectual debates of various periods, Shearmur is also able to explain inconsistencies in works composed at different moments in Hayek's career. Rather than attempting to reconcile Hayek's views in, say, *The Road to Serfdom*, with his views in *The Fatal Conceit*, Shearmur recognizes that Hayek's views changed over time and that many of his positions are flatly irreconcilable. In particular, Shearmur describes an evolution in Hayek's views from a broad form of social utilitarianism, to a concern with the coordination of individuals' ends (pp. 92–93).

Concurrent with this development, evolutionary models assumed a larger role in Hayek's thought. While Hayek glimpsed the value of evolved, spontaneous orders relatively early in his career, throughout his early years he argued for "critical rationalism," the view that all such systems should be analyzed according to the requirements of reason, and that such systems could and should be improved through careful study. According to Shearmur, this concept of recognizing that spontaneous orders exist, but also that spontaneous orders should be improved through the application of reason, was a concept that Hayek inherited from Menger. Over time, however, Hayek slowly retreated to a purer form of evolutionary model, questioning both the practicality and the possibility of improving evolved systems through the application of reason. This elevation of the role of evolutionary systems and the downplaying of the need for reform and improvement along rational lines is a transformation

of which Shearmur clearly disapproves. He writes:

What all this means is that Hayek cannot do without some ideas concerning the rational scrutiny and appraisal of institutions which have ‘evolved’ *in either sense*. He must, in short, be concerned with the ‘duty’ of critical scrutiny that Menger enjoined upon the historical jurists, and which Hayek seemed willing to take up in his earlier work. The move—in so far as it is suggested by Hayek’s later writings—of offering a theory of social evolution *in place of* a theory about how inherited institutions are to be appraised is a will o’ the wisp, and a source of confusion (p. 109).

Forced to choose between the earlier, “critical rationalistic” Hayek, and the later evolutionist Hayek, Shearmur sides with the early Hayek. In this sense, Shearmur’s enthusiasm for critical rationalism reflects the influence of Shearmur’s mentor Karl Popper in the development of his own thought.<sup>1</sup>

Shearmur makes some interesting points in his defense of the early Hayek *vis-à-vis* the later Hayek, but I am unconvinced that the early Hayek provides a more interesting and fruitful research program than the later Hayek potentially does. Shearmur is correct to criticize Hayek for the unqualified enthusiasm for evolved systems suggested in his later writings. In *Law, Legislation and Liberty* and especially in *The Fatal Conceit*,<sup>2</sup> “this enthusiasm at times seems to verge on Panglossian conservatism to the effect that, whatever is, is good—provided it was not designed” (p. 108).

While I share Shearmur’s criticism of the reflexive conservatism hinted at in Hayek’s later work, I believe that his call for application of critical rationalism to evolved systems fails to take to heart the power of Hayek’s arguments in favor of spontaneous orders and the problems presented by evolutionary psychology and evolutionary biology for those who would seek to rationally understand and improve such spontaneous orders. The major point of Hayek’s focus on evolved spontaneous orders is that they embody tacit wisdom, both unarticulated and fundamentally unarticulable. Requiring them to pass muster according to a test of critical rationalism ignores this central lesson, thereby stripping Hayek’s analysis of spontaneous order of its value.

To my mind, the future of Hayekian scholarship lies somewhere between Hayek’s deference to all evolved orders and what I take to be Shearmur’s rationalist criticism of the results of those processes. What I advocate instead is a “structural” method of analysis: a study of the institutional environment that gave rise to the particular order in question, to determine whether that institutional structure will tend to produce socially beneficial rules. Rather than attempting to demonstrate the efficacy of the end results of the evolutionary process on a case-by-case basis, we can examine the characteristics of the process that spawned the final product to see whether the system is likely to give rise to valuable social institutions. Consider, for example, Shearmur’s criticism of Hayek’s inconsistencies in *Law, Legislation and Liberty*. As Shearmur notes, at the same time that Hayek extols the virtues of evolved orders, he also bemoans the breakdown of older institutions which divided and limited constitutional powers (p. 108). In turn, Hayek offers his own “model constitution,” a prototypical constructivist proposal, detailed almost to the point of ridiculousness (and silly in many of its actual details). Shearmur notes that Hayek clearly viewed this demise of formal constitutional restraints as “neither designed nor desirable” (p. 108).

A structural analysis potentially allows us to chart a middle course between Shearmur's critical rationalism and Hayek's fatalism about evolved orders or, alternatively, his selective rejection of some evolved orders but not others (Pritchard and Zywicki, 1998). Rather than reflecting a constitutional consensus, it is evident that the destruction of constitutional limitations came about through the actions of special interests and politicians to enhance their own power by eliminating these institutional constraints on their behavior. (Pritchard and Zywicki, 1998a). Given the structural process that led to this "evolution," therefore, there is no tacit wisdom embedded in these end results to which we should defer. By contrast, the end results of a truly decentralized and voluntary institutional structure, such as the classical common law, is likely to produce beneficial end results (even if we are unable to fully understand and articulate them), and thus illustrates the type of spontaneous order to which deference is appropriate. By understanding the institutional structures that are likely to give rise to beneficial spontaneous orders, this also addresses Shearmur's concerns about the difficulties of trying to "create" spontaneous orders to solve particular policy problems (p. 116).

Moreover, recent research suggests that spontaneous order theory may be even more vibrant and important than even Hayek recognized. For instance, under Bruno Leoni's influence (which is explained nicely by Shearmur), Hayek developed a grand enthusiasm for the common law and a distrust of legislative and administrative processes. Nonetheless, he remained convinced that the common law was plagued by problems of path dependency which would require affirmative action by legislatures to "correct" such dead ends. As Francesco Parisi has demonstrated, however, a custom-based common law system will be largely immune to these problems of path dependency, as the decentralized and voluntary structure of custom allows for innovation to keep pace with changing norms and expectations, without the knowledge and rent-seeking problems of legislative action (Parisi, 1995). Moreover, Hayek fails to apply his public choice critique to this type of legislation. Thus, the solution to Hayek's concerns may be a *greater* reliance on spontaneous orders to generate rules of conduct (e.g., customary law), rather than relying on critical rationalism and legislative change.

Future Hayekian scholarship would also benefit from developments in evolutionary biology and evolutionary psychology. Thus, for instance, Shearmur seems unconvinced by Hayek's explanation that law in the sense of a body of inherited general rules of conduct and a "general sense of justice" predates the state (p. 95). Recent research, however, suggests that Shearmur's skepticism is unwarranted. Norms of reciprocity, trust, and promise keeping are coming to be recognized as predating political society, and indeed are biologically based and widespread in nature (Ridley, 1996). Chimpanzee communities also exhibit something that looks like a rudimentary set of rules of behavior, a sense of justice, and a system of dispute resolution to enforce these norms (de Waal, 1996). While these systems of justice are somewhat crude, they suggest that Hayek was correct in believing that there is always an "existing body of rules of just conduct" that influences human behavior, our sense of right and wrong, and upon which political society rests. In a similar vein, recent developments in the understanding of the dynamics of "group selection" tend to support Hayek's views on that point (Sober and Wilson, 1998). Two final thoughts. First, while interesting and challenging, Shearmur's discussion of his own Hayekian research program dealing with

“dialogue rights” will be of interest primarily to philosophers, and thus chapter six may be of less interest to general readers than the remainder of the book. Second, I recommend that the reader skip the dense Introduction and return to it after having read the remainder of the book. In my opinion, the logical starting place for the book is in chapter two, with Hayek’s early career, and the book follows logically from that. The Introduction, however, is pitched at a very high degree of abstractness and introduces numerous new concepts that become concrete only after having traversed the remainder of the book. Shearmur’s book is an important addition to scholarship on Hayek. Well-researched, thoughtful, and comprehensive in scope, Shearmur’s book provides a useful starting point for future scholars seeking to understand Hayek, his work, and his influence.

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### Notes

1. Of course, Popper had a profound influence on Hayek as well. Indeed, at approximately the same time that his book on Hayek was published, Shearmur wrote a companion book on Popper’s thought (Shearmur, 1996).
2. Both Shearmur and I are aware of the running debate over how much of *The Fatal Conceit* actually represents Hayek’s views, as opposed to those of his editor. Like Shearmur, I will assume in this review that *The Fatal Conceit* was a substantially accurate expression of Hayek’s views at the time, even if some of the exact language and analysis was amended in the editing process. To my mind, *The Fatal Conceit* is a logical culmination of the trend in Hayek’s thought of which *Law, Legislation, and Liberty* is indicative. Indeed, Hayek’s lecture given at the Hoover Institution in 1983, and printed as “The Origins and Effects of Our Morals: A Problem for Science” in Nishiyama and Leube (1984), is consistent with the ideas expressed in *The Fatal Conceit* and clearly anticipates and refers to that larger work.

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