



Hayek Contra Pangloss: A Rejoinder

DOUGLAS GLEN WHITMAN

glen.whitman@csun.edu

Department of Economics, California State University, Northridge, 18111 Nordhoff St., Northridge, CA 91330

Abstract. Whitman (1998) claims that Friedrich Hayek's theory of cultural evolution was not Panglossian. Denis's (2002) refutation relies on an overbroad definition of the term Panglossian, a misunderstanding of the implications of group selection theory, and an incomplete understanding of the nested character of evolutionary processes in Hayek's approach.

JEL classification: B31.

Keywords: Hayek, cultural evolution.

Any proposition of the form “X has property Y” can be falsified by changing the definition of X or Y. That is precisely the tack Denis (2002) has taken to refute my proposition in Whitman (1998) that Friedrich Hayek was not a Panglossian evolutionary theorist: he changes the meaning of Panglossian.

Denis is correct that the word Panglossian has been used in multiple ways. John Maynard Smith uses it to mean support for group selectionism, whereas Stephen J. Gould and Richard Lewontin use it to mean support for excessive adaptationism (276–77).¹ In addition to these uses by biologists, we can hearken back to the original meaning adapted from Voltaire's *Candide*: a belief that we live in the best of all possible worlds. Finally, Denis introduces his own notion of Panglossianism, of which he also “convicts” Hayek, that says we live in a world with an internal tendency toward improvement. Let us summarize these definitions like so:

P1: evolution produces organisms optimally adapted to their environments (i.e., perfect adaptation)

P2: evolution produces organisms adapted to their environments at a group level (i.e., group selection)

P3: evolution produces the best of all possible worlds

P4: evolution produces a tendency toward improvement

It is beyond dispute that Hayek supports group selection. It is also clear that Hayek considers evolution a form of error-correction mechanism that yields an imperfect *tendency* of superior arrangements to replace inferior ones. Given the definitions above, we could simply say Hayek is “guilty” of supporting P2 and P4 – but not P1 and P3 – and be done with it. We need not waste time on a semantic debate.

However, Denis raises two substantive issues that deserve to be addressed.

1. What Does Group Selection Imply?

Denis implies that group selectionism is the *proper* definition of Panglossian. He refers to the Gould-Lewontin definition (P1) as “mistaken” (277), even though it is actually closer to Voltaire’s original definition (P3) than the others.

The claim here is more than semantic because it reflects a serious misconception about how group selection works. The notion is that group selection, if operative, would necessarily produce human populations with optimal group-beneficial institutions: all public good problems would be solved (to the extent possible), all resources optimally allocated, etc. But there is no basis for that conclusion, even if one buys group selection theory. This is so for two reasons, the first of which was certainly apparent to Hayek, the second of which probably was not.

First, evolutionary processes do *not* produce optimality, at either the individual or group level; that is, P1 is mistaken. For myriad reasons outlined in Whitman (1998)² – including slow rates of change relative to the environment, trait linkage, and existence of multiple adaptive peaks – organisms may be imperfectly adapted to their environments, even when reproductive fitness is measured at the individual organism level (taking as given the characteristics of the rest of the population). One example: human beings still have appendices, which serve no current purpose and occasionally endanger our lives. If individual selection cannot produce optimal adaptation at the individual level, there is no reason to believe group selection would produce optimal adaptation at the group level.

Second, the new theory of group selection articulated by Wilson and Sober (1994, 1998) shows that group selection is not always operative, and when operative not always decisive. For group selection to produce group-beneficial traits in individual organisms, several conditions must hold: the overall population must periodically fission into smaller populations, the groups must eventually remerge, and organisms with group-beneficial characteristics must tend to be grouped together so there is variation across groups. Even when these conditions hold, between-group selection can still be outweighed by the forces of within-group selection.³

Denis and Maynard Smith are therefore mistaken in concluding that group selection commits the Panglossian fallacy. If group selection theory is flawed, it is for different reasons.

2. What Is Hayek’s Position on Laissez Faire?

Denis criticizes Hayek for his support of *laissez-faire* economic and social policies. He adduces several passages from Hayek indicating that coercion or state interference is a reason, perhaps *the* reason, that evolutionary processes fail to yield optimal results. Denis concludes, “Whitman seems unwilling to accept the simple message of Hayek’s life work, that the policy prescription is one of *laissez-faire*” (283).

This is a straw man; Hayek’s ideological sympathies are well known. As a classical liberal, Hayek often opposed state intervention (though many authors have commented on

his frequent departures from the pure *laissez-faire* position⁴). Is that fact alone enough to convict him of Panglossianism, and is anyone who shares his political views also Panglossian? Here, Denis's unprecedented definition of Panglossianism as belief in a tendency toward improvement (P4) enters the picture. "[W]hat is required [for an evolutionary theory to be Panglossian] is that it tends to generate results which serve human purposes, not that it achieves those results perfectly or instantaneously" (283). Thus, anyone who claims that cultural evolution tends (however imperfectly) to produce improvements in the human condition qualifies as Panglossian.

Focusing myopically on Hayek's *laissez-faire* policy perspective distracts attention from the notion of cultural evolution as a *nested* process. While Hayek considers the spontaneous market order one form of evolutionary process, the market order is embedded within a larger evolutionary process in which social rules (including those that constitute the market) can change over time.⁵ When social rules take a particular form – specifically, when they protect several property and performance of contract – they set the stage for evolution within the marketplace.⁶ Similarly, the evolution of legal rules occurs within a common law system that is itself the product of cultural evolution on a larger scale, wherein different political and legal institutions compete. The point is that some products of evolution create the conditions for further evolutionary processes, while others do not.

If we construe evolution as a nested process, then Hayek's claims about coercion having "interfered" with the evolutionary process make more sense. What is just another competing social arrangement at a higher level of evolution might constitute interference at a lower level. Hayek makes two distinct claims: first, that the spontaneous market order has a tendency to produce desirable results; and second, that cultural evolution has a tendency to produce institutions favorable to markets. One reason the former process is imperfect is that the latter process is also imperfect. Markets do not always get a chance to work because market-sustaining institutions occasionally yield to coercive institutions.

Admittedly, Hayek was not always clear about this point; in some instances, he seems to invoke the notion of coercion "interfering" with evolution at a level where coercive social arrangements should be among the evolutionary contenders. But in general, Hayek's claims about coercion and state interference are made in the context of lower-level evolutionary processes (such as the common law or market process) where the rules of the game established by a higher level of evolution are taken for the time being as given.

3. Summary

Denis's "proof" of Hayek's Panglossianism relies on an overbroad definition of Panglossian, a misunderstanding of group selection theory, and an incomplete understanding of the nested character of evolutionary processes.

Notes

1. All unqualified page numbers refer to Denis (2002).

2. Denis identifies section 1 of Whitman (1998) as “the heart of Whitman’s essay.” But section 3 is where the meat of the article’s argument appears.
3. As this new group selection theory came to prominence after Hayek’s death, he could not have employed it in his work.
4. See, for example, Block (1996, 339): “But if one weighs his output against that of free enterprise advocates who came later, or, better yet, against an ideal of *laissez faire* capitalism, then one must categorize Hayek as lukewarm, at best, in his support of this system.” See Ransom (1996) for a list of Hayek’s non-*laissez faire* policy prescriptions.
5. See, for example, Hayek (1988, 74): “Civilisation is not only a product of evolution – it is a process; by establishing a framework of general rules and individual freedom it allows itself to continue to evolve.”
6. See Hayek (1988, 50): “Individual decision presupposed individual spheres of control, and thus became possible only with the evolution of several property, whose development, in turn, laid the foundation for the growth of an extended order transcending the perception of the headman or chief – or of the collectivity.”

References

- Block, W. (1996) “Hayek’s Road to Serfdom.” *Journal of Libertarian Studies* 12: 339–65.
- Denis, A. (2002) “Was Hayek a Panglossian Evolutionary Theorist? A Reply to Whitman.” *Constitutional Political Economy* 13: 275–85.
- Hayek, F. A. (1988) *The Fatal Conceit: The Errors of Socialism*. Chicago: University of Chicago Press.
- Ransom, G. (1996) “The Significance of Myth and Misunderstanding in Social Science Narrative: Opening Access to Hayek’s Copernican Revolution in Economics.” Unpublished manuscript. Retrieved from <http://www.hayekcenter.org/friedrichhayek/hayekmyth.htm> on May 13, 2002.
- Whitman, D. G. (1998) “Hayek contra Pangloss on Evolutionary Systems.” *Constitutional Political Economy* 9: 45–66.
- Wilson, D. S., and Sober, E. (1994) “Reintroducing Group Selection to the Human Behavioral Sciences.” *Behavioral and Brain Sciences* 17(4): 585–608.
- Wilson, D. S., and Sober, E. (1998) *Unto Others: The Evolution and Psychology of Unselfish Behavior*. Cambridge, Mass.: Harvard University Press.