NOTES AND COMMENTS

Hayekian evolution reconsidered: a response to Caldwell

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Caldwell (2001. Hodgson on Hayek: a critique, Cambridge Journal of Economics, vol. 25, 541–55) raises a number of criticisms of Hodgson’s (1993. Economics and Evolution: Bringing Life Back into Economics, Cambridge, UK and Ann Arbor, MI, Polity Press and University of Michigan Press) analysis of Hayek. This reply acknowledges the passages in The Constitution of Liberty where Hayek discusses evolutionary ideas. It is also agreed that the description in the secondary literature of Hayek as a ‘methodological individualist’ is misleading or flawed. However, it is argued that Hayek’s neglect of Malthus remains real and problematic. This neglect is connected to Hayek’s underestimation of the scale of the Darwinian intellectual revolution. It is also argued here that Caldwell’s attempt to justify Hayek’s analytical assumption of the given individual is unconvincing.

Key words: Hayek, Darwin, Malthus, Evolution, Spontaneous order
JEL classifications: B25, B31, B52, B53

I am very grateful to Bruce Caldwell (2001) for his examination of my earlier (Hodgson, 1993) discussion of Hayek’s ideas on evolution. I also appreciate the way in which Caldwell has opened up important matters concerning the processes of economic and cultural evolution. Our debate is useful because it casts light on the conception of evolution in Hayek’s thought. 1

1. The evolution of evolution in Hayek’s thought

Caldwell rightly takes me to task for overlooking an early discussion of biological and cultural evolution in Hayek’s Constitution of Liberty (1960). I gratefully concede that there is a brief but significant excursion into evolutionary ideas in this volume. However, Caldwell is wrong to infer that by the ‘relatively late development of the evolutionary idea’ (Hodgson,
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1993, p. 153) I mean that Hayek develops such ideas no earlier than ‘the late 1980s’ (Caldwell, 2001, p. 542). On the contrary, in Economics and Evolution I clearly refer to the emergence of an evolutionary approach in Hayek’s work in the 1960s. I then go on to date the ‘fullest explicit statement of Hayek’s evolutionary conception’ to the late 1980s (Hodgson, 1993, pp. 158–9).

Caldwell fails to notice that I address two phases rather than one in Hayek’s thought. The first phase concerns the period in the 1960s when the idea of evolution begins to make a significant, repetitive and prominent appearance in Hayek’s published work. Given that, in 1960, Hayek was 61 years old, I still maintain that this first phase amounts to a ‘relatively late development of the evolutionary idea’ in Hayek’s work.

Caldwell accuses me of wishing to ‘downplay’ the fact that Hayek discusses evolution as early as the 1960s. On the contrary, I regard any appearance of evolutionary ideas in the social sciences as extremely significant, especially after a long period, from the 1920s to the 1950s, when such appearances were rare. I have always credited Hayek as being one of the first to rediscover these ideas in the postwar years.

According to Caldwell (2001, p. 544), Hayek’s evolutionary ideas were ‘fairly well formulated’ by 1960. However, Hayek did not adequately formulate these ideas, particularly in regard to the units and mechanisms of cultural evolution (Hodgson, 1993, pp. 163–9). It is also important to note that we can find similar limitations in other ‘evolutionary’ thinkers, including (say) Thorstein Veblen, Joseph Schumpeter and Armen Alchian.

Caldwell also suggests that ‘most of the time Hodgson’s claim is that Hayek makes very few references to biological evolution’ rather than cultural evolution. On the contrary, my claim is that an openly evolutionary phraseology of any kind does not make a prominent appearance until the 1960s. I stated explicitly that Hayek made use of evolutionary ideas in the social sciences as early as the 1960s. Caldwell (2001, p. 543) is wrong to suggest that I see cultural or economic evolution appearing in Hayek’s work as late as ‘1979’.

Hence, Caldwell over-eggs the pudding. He usefully upbraids me for omitting reference to passages in The Constitution of Liberty. He then tries to go much further, to suggest that I admitted no significant discussion of cultural evolution in Hayek’s work until 1979. But I have never suggested this.

2. Hayek’s neglect of Malthus

In 1993, I found one acknowledgement in Hayek’s writings of the influence of Malthus upon Darwin. Caldwell finds another, in The Constitution of Liberty. I gratefully acknowledge this correction. We may agree that, in all of Hayek’s writings, including those on (social or biological) evolution, Hayek twice accepts that Malthus influenced Darwin.

Strikingly, in contrast, Hayek repeats many more times the influence of Bernard Mandeville, David Hume and Adam Smith upon Darwin. After The Constitution of Liberty (1960), Hayek repeats the Mandeville–Scottish School influence on Darwin at length in most of his major works up to and including The Fatal Conceit (1988). Malthus is mentioned just once, at the beginning of this entire period. (The other mention of Malthus dates from 1931.) Caldwell (2001, p. 547) tries to explain this omission: ‘Malthus was not repeatedly mentioned because his influence was too well known to point out’ I find this argument to be totally unconvincing.

It is simply untrue that ‘everyone knew about’ (Caldwell, 2001, p. 547) the influence of Malthus upon Darwin. We can find cases where this influence is ignored or even denied. Consider a few. For example, Joseph Schumpeter (1954, pp. 445–6) simply disagrees that
Malthus had a significant effect on Darwin (Jones, 1989). Despite the publicity associated with the Darwin centenary in 1959, ten years later Robert Young (1969) and Peter Vorzimmer (1969) still had to devote much of two milestone essays to establishing the nature, extent and importance of Malthus’s influence upon Darwin. But even Young and Vorzimmer had failed to persuade ‘everyone’. Twenty years later, H. Scott Gordon (1989) argued (unconvincingly) that political economy as a whole—Smith and Malthus included—had no significant influence on Darwin. The neglect of Malthus has been persistent, even after the text of Darwin’s notebook mentioning this influence became widely available in the 1970s.

It is simply implausible to suggest that ‘everyone knew about’ the influence of Malthus upon Darwin, but by comparison the role of the Scottish School was relatively unknown. The picture became clearer in the 1970s, when Darwin’s notebooks were published and analysed (Gruber, 1974; Vorzimmer, 1977; Schweber, 1977). By the late 1970s, the extent of the influences of both Malthus and the Scottish School upon Darwin had become apparent to the scholarly community. Nevertheless, it was still necessary for scholars such as Gruber, Vorzimmer, Schweber and others to make both these influences clear.

Not so for Hayek. He continues to give only one half of the story. Despite these scholarly accounts in the 1970s, Hayek continues to mention the Scottish School while simultaneously neglecting Malthus. Hayek (1988, p. 24) wrote: ‘As we learn from his notebooks, Darwin was reading Adam Smith just when, in 1838, he was formulating his own theory.’ Likewise, he proposes that recent examinations of Darwin’s notebooks ‘suggest that his reading of Adam Smith in the crucial year 1838 led Darwin to his decisive breakthrough’ (p. 146). Even with the benefit of recent research, Malthus and other key influences received no mention in Hayek’s (1988) most complete statement of his evolutionary ideas.

In giving the entire credit to Mandeville and the Scottish School, Hayek (1988, p. 146) cites Howard Gruber (1974) and Peter Vorzimmer (1977) in apparent support. However, for Gruber (1974, p. 7) a crucial entry in the notebooks marks the point of Darwin’s ‘Malthusian insight’ when he ‘recognized the force of the idea of evolution through natural selection’. Likewise, for Vorzimmer (1969, p. 539) the ‘great watershed’ in the development of Darwin’s theory came with the reading of Malthus.

In my 1993 book, I make some tentative attempts to explain Hayek’s neglect of Malthus. One of my arguments concerned Hayek’s attempt to reconcile his concept of spontaneous order with a full, phylogenetic evolutionary process. Contrary to Caldwell (2001, p. 546), these reasons are not purely ‘ideological’. While Smith and the Scottish School emphasised the ordered, ‘invisible hand’, in contrast Malthus stressed potential disorder and catastrophe. Hayek wished to stress the ordered outcomes of an undesigned, evolutionary process. Hence his greater emphasis on the Scottish School.

3. Hayek’s underestimation of the Darwinian revolution

In 1993, I also made another suggestion as to why Hayek neglected Malthus. This Caldwell chooses to ignore. My suggestion was that Hayek depicted a continuous development of ‘evolutionary’ ideas in the nineteenth century, thus underestimating the novel and revolutionary nature of Darwin’s thinking, and thereby the special influence of Malthus.

Consider some passages where Hayek falsely stresses continuity in the development of evolutionary thought. Hayek (1967, pp. 103–4 n.) approvingly quoted a passage by Sir Frederick Pollock to the effect that: ‘The doctrine of evolution is nothing else than the historical method applied to the facts of nature . . . Savigny . . . [and] Burke . . . were Darwinians before Darwin.’ Hayek (1978, p. 265) further argues that writers like Johann
von Herder, Wilhelm von Humboldt and Friedrich von Savigny ‘made the idea of evolution a commonplace in the social sciences of the nineteenth century long before Darwin’. In one place Hayek (1982, vol. 1, pp. 152–3) cites no less than 14 sources, all in apparent support of his claim that there were many ‘Darwinians before Darwin’. Unfortunately, most of these references are outdated and uninformed by modern scholarship on Darwin.

One of the most recent references given by Hayek in support of the idea of ‘Darwinians before Darwin’ is by Bentley Glass et al. (1959). Yet Hayek ignores the words of Glass in the preface of this book. Glass (1959, p. vi) writes that certain of the alleged forerunners of Darwin ‘were hardly evolutionists: others, in their own eyes, not evolutionists at all. Some, who lived in the period after 1859, even hated the Darwinian teaching and fought it vehemently’. Far from supporting the thesis of continuity, and the existence of many ‘Darwinians before Darwin’, Glass himself makes a very different argument. This is a clear case of sloppy scholarship on Hayek’s part. Hayek (1982, vol. 1, p. 23) writes:

It was in the discussion of such social formations as language and morals, law and money, that in the eighteenth century the twin conceptions of evolution and the spontaneous formation of an order were at last clearly formulated, and provided the intellectual tools which Darwin and his contemporaries were able to apply to biological evolution. . . . A nineteenth-century social theorist who needed Darwin to teach him the idea of evolution was not worth his salt.

Here, Hayek is downplaying Darwin to the extreme. Crucially, while Hayek does not go so far as to attribute the theory of natural selection to anyone earlier than Darwin, no passage from Hayek’s work clearly indicates that he believed that Darwin was the *originator* of the theory of natural selection. And no passage in Hayek’s work gives adequate recognition of the importance of Darwin’s theoretical innovation. Instead, we find in Hayek repeated statements of continuity, suggesting that Darwin was simply one small step in the development of a single ‘evolutionary’ doctrine, dating back to the eighteenth century.\(^1\)

Hayek (1982, vol. 1, pp. 22–3) writes of *the evolutionary approach* [emphasis added], masking the distinctions between different types of evolutionary theory in the eighteenth and nineteenth centuries. He then contends that:

if Charles Darwin was able successfully to apply to biology a concept which he had largely learned from the social sciences, this does not make it less important in the field in which it originated. It was in the discussion of such social formations as language and morals, law and money, that in the eighteenth century the twin conceptions of evolution and the spontaneous formation of an order were at last clearly formulated, and provided the intellectual tools which Darwin and his contemporaries were able to apply to biological evolution. Those eighteenth-century moral philosophers and the historical schools of law and language might well be described . . . as Darwinians before Darwin.

Here, Hayek states that ‘Darwinian’ evolutionary ideas ‘were at last clearly formulated’ in the eighteenth century. According to Hayek’s flawed account, Darwin himself does not seem to have added very much. He was even aided by unnamed ‘contemporaries’. Hayek (1982, vol. 3, p. 154) again wrote of the ‘application by Charles Darwin to biology of the idea of cultural evolution’. Hayek’s use of the words ‘application’ and ‘apply’ suggests that Darwin simply took one idea, already existing in the literature on cultural evolution, and simply ‘applied’ it to biology. There is no sense here that Darwin himself changed and revolutionised these ideas. Hayek (1988, p. 23) later writes that Darwin’s

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1 Hayek (1988, p. 23) was mistaken to assert that ‘the mechanism of cultural evolution is not Darwinian’. Social evolution is both Lamarckian and Darwinian, and Darwinism offers a more complete and general theory of evolution (Hodgson, 2001a).
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painstaking efforts to illustrate how the process of evolution operated in living organisms convinced the scientific community of what had long been a commonplace in the humanities.

Here, Hayek seems to credit Darwin principally for ‘painstaking efforts to illustrate’ a theory that was already there. The word ‘illustrate’ suggests that Darwin’s role was largely to provide illustrative examples of a process that was already well understood. But it was not.

Even in his last book, Hayek (1988, p. 146) writes that ‘from the Scottish School moral philosophers of the eighteenth century stem the chief impulses towards a theory of evolution’. Again and again, Hayek fails to acknowledge the immensity and uniqueness of Darwin’s contribution. The verdict of leading authorities on Darwin is quite different. For instance, in regard to the alleged forerunners of Darwin’s theory, Ernst Mayr (1985, p. 769) argues that ‘virtually all of these so-called prior cases of natural selection turn out to be a rather different phenomenon, which is only superficially similar to selection.’ Mayr (1964, p. xviii) also remarks that: ‘It has taken 100 years to appreciate fully that Darwin’s conceptual framework is, indeed, a new philosophical system.’

The evidence that Hayek downplayed the importance of Darwin’s contribution is enormous. Having reached this conclusion, it is easy to find another reason why Hayek neglected Malthus. He neglected Malthus because he did not understand or appreciate the revolutionary leap involved in Darwin’s thinking and Malthus’s inspirational part in it.

I discuss the features of this elsewhere (Hodgson, 1993, pp. 62–72), but some key points can be briefly reiterated. Importantly, Malthus’s Essay on Population shifted Darwin’s attention from competition among different species to rivalry between more similar individuals. With his notion of superfeudicity, of a perpetual existence of a reproductive surplus, Malthus suggested to Darwin that the struggle for existence was not so much among different species but among individuals of the same species (Mayr, 1985, p. 767).

Malthus suggested the idea of ‘population thinking’ to Darwin, along with the role of variety in natural selection (Mayr, 1985). ‘Population thinking’ is a crucial Darwinian concept, and can be connected with Malthus’s (1798, p. 379) emphasis on ‘the infinite variety of nature’. For Darwin, the key idea here was that variety is part of the essence of a phenomenon. Spencerian and other versions of evolutionary theory are quite different in this respect. There is no explicit discussion of ‘population thinking’ in Hayek’s works.

Furthermore, through the idea of change resulting from contest and struggle, Malthus hinted at the idea of natural selection and phylogenetic evolution, rather than the ontogeny of the emergence of a given system.

Malthus turned the view of Mandeville and the Scottish School upside down. While Mandeville and others argued that a healthy economic system could arise from individual greed and vice, Malthus saw that healthy individuals could create catastrophic results. Malthus thus offered the spectacle of healthy procreation leading to overcrowding and death, rather than Mandeville’s more comforting picture of the public benefits of vice, and Smith’s vision of ongoing economic growth. Darwin’s revolution involved a synthesis of these apparently contradictory viewpoints into a dynamic whole, where death and vitality played host to each other.

This brief discussion of some of the distinctive features of Malthus’s contribution undermines Hayek’s doctrine of continuity. On the whole, the nuances and subtlety of Malthus’s role are not widely appreciated. As a result, a large secondary literature discusses Malthus’s influence (Young, 1969; Vorzimmer, 1969; Herbert, 1971; Schwaeb, 1977; Kohn, 1980, 1985). I believe that Hayek neglected the influence of Malthus because he too did not fully appreciate these nuances.
Contrary to Caldwell (2001, p. 547), I do not argue that Hayek underestimated Darwin ‘chiefly because Darwin’s system was a phylogenetic one, whereas Hayek favoured ontogeny’. Indeed, ‘Hayek favoured ontogeny’ is a misleading oversimplification of my view. I discuss this issue below.

I propose a quite different reason for Hayek’s underestimation of Darwin’s contribution: *Hayek did not fully appreciate the meaning or significance of the Darwinian revolution*. Hayek’s neglect of Malthus is a symptom of this under-appreciation. Although Hayek had some understanding of the three central Darwinian mechanisms of variation, inheritance and selection, he did not credit their discovery to Darwin alone and he underestimated the scale and significance of Darwin’s work.

4. Ontogeny and phylogeny

My depiction of Hayek’s theory is more complex than Caldwell relates. In biology, ontogeny involves the development of a particular organism from a set of given and unchanging genes. It concerns the growth of a plant or the development of a single human being. Phylogeny is the complete and ongoing evolution of a population, including changes in its composition and that of its gene pool. It involves changes in the genetic composition of the population, as well as of their individual phenotypic development.

I proposed the following step in my 1993 book. Just as the gene is an elemental driving element in biological evolution, some theorists would regard human beings and their beliefs as elemental driving elements in socio-economic evolution. Alternatively, we may regard habits or rules as the ‘genetic units’. Emphatically, this does not mean that the genes substantially determine human behaviour. Instead, what is involved is the drawing of analogies that help use to use the categories of ontogeny and phylogeny to categorise different theories of socio-economic evolution. Accordingly, the key distinction between ontogeny and phylogeny hinges on whether the population of gene-like units (say individuals, beliefs, habits or rules) is fixed or changing. Changes in this population can come through death or the birth of new units. They can also arise through changes in the individuals, beliefs, habits or rules themselves.

For example, if we take the individual as the unit, then Carl Menger’s theory of money is an example of ontogenetic development. This is because in his account of the ‘evolution’ of money, there is no need to assume that the population of individuals, including their tastes or preferences, changes. The ‘evolution’ of money can be traced out of the interactions of those given individuals, just as the evolution of a plant emerges without any change in its genes. Likewise the Smithian order of the invisible hand is a case of ontogenetic evolution, because again it does not rely on any change in individual tastes or purposes.

Contrary to Caldwell, I do not classify Hayek as a theorist of purely ontogenetic evolution. I see Hayek’s theory as ‘strictly phylogenetic in character’ but largely confined to ontogeny because the ongoing sources of variety are limited: ‘Although strictly phylogenetic, Hayek’s idea of evolution reduces essentially to an ontogenetic metaphor’ (Hodgson, 1993, pp. 152–3, 179–80).

I argue that Hayek’s emphasis on ‘spontaneous order’ implies limited sources of new variety in the system. If variety was unconstrained, new occurrences, recombinations or ‘mutations’ could lead to a disruption of the spontaneous order that Hayek emphasises so strongly. A fully open process of phylogenetic evolution could lead to chaos and disorder, just as much as order. Hayek adopts a phylogenetic scheme of evolution but one where the sources of new variety have to be limited or constrained to provide an ordered result. Accordingly, it is
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phylogensis, but it 'looks like' ontogenesis. Caldwell completely overlooks my depiction and argument, wrongly alleging that I classify Hayekian evolution as simply 'ontogenetic'.

5. Methodological individualism and given individuals

Addressing methodological individualism, it is evident that different theorists use this term in different ways. Also, as Caldwell (2001, p. 552) puts it: 'The assumption that Hayek is a methodological individualist is common in the secondary literature'.

Faced with this legacy in my 1993 book, and finding no adequate definition of methodological individualism in Hayek's own writings, I chose to define methodological individualism in the more precise terms of Jon Elster (1982). Using this as a measuring rod, I found that Hayek had departed more and more from it. Caldwell kindly acknowledges that I noted this shift.

Hayek never defines himself as a methodological individualist in the strict sense of Elster. Hayek never declares that social phenomena must be explained entirely in terms of individuals alone. On this point there now seems to be substantial agreement between Caldwell and myself, and we have both modified our views in the 1990s. Caldwell (2001, p. 552 n.) accepts that a previous essay by him 'overemphasises Hayek's methodological individualism'. In the past, I have committed the same error.

But there are some remaining disagreements. Often associated with methodological individualism is the idea that the tastes and preferences of individuals must be taken as given, at least for the purposes of economic or social analysis. I have argued elsewhere that this idea of an individual that is given, and not open to further analysis, is necessary to sustain methodological individualism in the Elster sense (Hodgson, 1988). Hence, the given individual is a necessary but not sufficient assumption behind methodological individualism. However, to save further complication or confusion, let us focus on the question of whether individuals should be taken as given for the purpose of analysis, instead of addressing the term 'methodological individualism' directly.

Caldwell and I agree that Hayek accepts the possibility in reality that tastes and preferences may change. Caldwell then proposes that Hayek takes tastes and preferences as given for the purposes of social and economic analysis. Caldwell (2001, p. 553) justifies such a position these terms: 'we must take individual tastes as "given" because we have so little information about what these tastes are, how they were formed, how they might be changing, and so forth'.

This is unconvincing. It is like saying that we must assume that the sea is flat because we have so little information on the movement of individual waves. For the design of coastal defences or of seagoing vessels, this would be an extremely hazardous assumption. If we have so little information about individual tastes and preferences, there is no justification for assuming that they are either fixed or changing. In fact, we have an enormous amount of information indicating how tastes may change. Thousands of marketing departments in large corporations are devoted to this problem. The picture is very complicated, but it is not the role of the scientist to assume some fixed picture simply because the analytical going gets tough.

For Austrian school writers, the assumption and meaning of the assumption of the given individual is ultimately based on the view that tastes and preferences are, for economists, not open to further analysis. Accordingly, it is sometimes useful to focus on the subjective

1 Elster (1982, p. 453) defines methodological individualism as 'the doctrine that all social phenomena (their structure and their change) are in principle explicable only in terms of individuals— their properties, goals, and beliefs'. Note the unqualified key words 'all' and 'only', and the appropriate focus on explanation in this definition. I would suggest that others use this definition.
process of choice and to examine how an individual may act when placed under specific constraints. But there is simply no justification for the Austrian view that economics should entirely be confined to such choice-theoretic circumstances. As well as the subjective process of choice, it is quite legitimate for economists to enquire how tastes are formed. Many economists—from Adam Smith to Alfred Marshall—have done this. Accordingly, I retract none of my criticism of the proposition that tastes and preferences should always be taken as given for the purposes of social and economic analysis.

Of course, it should be acknowledged that any relaxation of the assumption of given preferences creates analytical difficulties. The construction of theory requires analytical abstraction, and in some circumstances—particularly in the analysis of short-run phenomena—it may be legitimate to take preferences as fixed. But this does not mean that we should apply the assumption of given preferences to all socio-economic phenomena. Neither should we abandon attempts to overcome the analytical problems.

I also stand by my earlier analysis of the implications of the supposition of given preferences. If we assume, for whatever reason, that individual tastes and preferences are fixed, then we are constraining the amount of potential variety at the individual level. In a Darwinian scheme, variety is the evolutionary fuel. Any constraint upon the generation of variety is a constraint upon the evolutionary process and its possibilities. At the limit, the evolving system may stabilise and evolve no further. In particular, constraint on variety may be necessary to sustain the degree of stability required to maintain the spontaneous order. Any constraint on variety will likewise constrain the range of phylogenetic possibilities. Hence phylogeny may approach ontogeny.¹

This is the connection between the assumption of given individuals and a restricted conception of phylogenetic evolution, ‘approaching ontogeny’ in the spontaneous order. In short, taking the individual as given restrains the scope of the (phylogenetic) evolutionary process. In contrast, if individuals can change, then greater evolutionary variety and potential instability is possible. Caldwell fails to acknowledge this connection.

Hayek’s emphasis on spontaneous order requires constraints on the emergence of variety in the system. Otherwise the system can be disposed to disorder as well as order. An open system can be vulnerable to disruption and crises. Potentially infinite variety cannot always be contained. While Hayek discusses economic crises, he treats them teleologically as a means towards eventual recovery. But we also have to address the seeds of potential disorder within every ordered outcome. In line with Malthus and Darwin, instead of always pointing to spontaneous order, we should consider potential disorder as well.

6. Conclusion

I now acknowledge the passages in The Constitution of Liberty where Hayek discusses evolutionary ideas: his mention of Malthus for a second time. I also agree that Hayek does not readily fit the description of ‘methodological individualist’ that he is given in the secondary literature. Both Caldwell and myself have independently reached this assessment since 1993.

On other points, my position is unchanged. I regard Hayek’s neglect of Malthus to be serious and symptomatic. I argue that this neglect of Malthus is connected to Hayek’s underestimation of the role of Darwin and the scale of the Darwinian revolution.

¹ Contrary to Caldwell (2001, p. 549), I do not assert that ‘phylogeny is the appropriate evolutionary metaphor for the social sciences, and ontogeny is a poor one’. I argue that, in natural as well as social evolution, a full-blown evolutionary process must be phylogenetic as well ontogenetic. Ontogeny is not inappropriate but incomplete.
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Caldwell fails to reproduce accurately my views on the relationship between ontogeny and phylogeny in Hayek's writings. He asks me to explain the connection between these views and the analytical assumption of the given individual. I find Caldwell's own attempt to justify the analytical assumption of the given individual to be unconvincing.

Although Hayek was one of the most sophisticated and prescient proponents of a theory of social and cultural evolution, his account does have deleterious biases and omissions. I have tried to identify some of these in my work, as well as to acknowledge the importance of his contribution.

Bibliography

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Bruce Caldwell*

This is a reply to Geoffrey Hodgson's Comment on an earlier paper by Caldwell (Hodgson on Hayek: a critique). Though certain areas of agreement are noted, differences in interpretation concerning Hayek's views on the Malthus–Darwin relationship, on cultural evolution, on the extent to which Hayek may be characterised as an ontogenist, and on methodological individualism remain.

Key words: Hayek, Darwin, Malthus, Evolution, Spontaneous order
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I agree with Geoffrey Hodgson that our exchange thus far has provided some useful clarification on a number of points. On one matter, I think we now are in agreement in our interpretation of the evidence. On a couple of others, though we agree broadly on the evidence, we disagree in our interpretation of it. On a few more, it appears that we simply disagree. In what follows, I outline these areas and provide a final defence of my own interpretations.

(1) Given what Hodgson says in the first section of his comment, I think that we now agree on at least a rough chronology of when evolutionary thinking appeared in Hayek's thought. Hayek began thinking more and more along evolutionary lines in the 1950s, and occasionally he referred to Darwinian evolution there. References to social or cultural evolution appeared in The Constitution of Liberty. We might quibble about whether this was an 'early' or 'late' appearance of evolutionary ideas. Hodgson notes that Hayek was 61 when The Constitution of Liberty appeared, which argues for the latter adjective. But then, 1960 was about equidistant between Hayek's battle with Keynes and the appearance of his last book, The Fatal Conceit. This argues that it was neither early nor late. Perhaps to end the quibble, we can agree to call Hayek's recourse to evolution a 'middle-aged' idea?

(2) One area in which we tend to agree broadly on the evidence but not on its interpretation concerns Hayek's treatment of Malthus and Darwin. Hodgson and I agree that Hayek tended to overemphasise the influence of the Scottish philosophers on Darwin, or alternatively put, that he downplayed the Malthusian influence. What separates us are the answers that we give to the question of why. I suggested that it was because the Malthus–Darwin connection was so well known that Hayek was merely emphasising...
less well-known influences. Hodgson suggests that the Scots moral philosophers held views about markets that were closer to Hayek’s than were those of Malthus, hence his emphasis.

In his comment, Hodgson maintains that Malthus’ influence on Darwin was sometimes contested and therefore was not something that ‘every schoolboy knew’. Specifically, Hodgson cites Joseph Schumpeter’s denial in his magisterial History of Economic Analysis (1954) of a Malthusian influence on Darwin. I have to confess that I was not aware of Schumpeter’s claim. It was hardly a commonly held view, however, and (like much else in Schumpeter’s idiosyncratic masterpiece) it was simply asserted, without argument.

In any event, the main point surely is that, given Darwin’s own very clear statement that he hit upon the theory of natural selection after having read Malthus, something that Darwin said both in On the Origin of Species and in his autobiography, the view that Malthus was supposed to have influenced Darwin was certainly widely known when Hayek was writing. People might argue (as Schumpeter did) about how much Malthus really influenced Darwin, a debate that was rekindled when Darwin’s notebooks were discovered. But the notion that there was some influence was widespread, because Darwin himself had twice said so in the books that anyone who had studied his ideas would have read.

Though I think that my interpretation is the more plausible, it is also the case that, because we are talking about Hayek’s motives, unfortunately there is little evidence that would argue decisively for either one. So instead, I shall simply add another possible ‘reason’ for Hayek’s neglect of Malthus to the mix. Hayek’s old nemesis J. M. Keynes was largely responsible for the rehabilitation of Malthus among economists. Given this state of affairs, perhaps Hayek’s de-emphasis was meant as a fully intentional but cunningly concealed swipe at his old rival, one that would have been evident to informed readers at the time but not now. I offer this simply to show that many ‘plausible’ tales become possible once one tries one’s hand at the game of interpreting motives.

(3) Hodgson’s next claim is that Hayek underestimated the impact of the Darwinian revolution. Because Hayek saw the evolutionary tradition as beginning earlier with the Scots philosophers, he purportedly viewed Darwin as simply another part of that tradition. Hodgson links this to his earlier argument about Malthus: Hayek ‘neglected Malthus because he did not understand or appreciate the revolutionary leap involved in Darwin’s thinking and Malthus’s inspirational part in it’ (Hodgson, 2004, p. 295, emphasis in the original).

Once again Hodgson is talking about things for which it is difficult to find decisive evidence. How much did Hayek actually know about Darwin? What motivated him to emphasise the work of the earlier evolutionary thinkers over that of Darwin, which is something that he clearly did do? Did Hayek’s use of the phrase ‘Darwinians before Darwin’ mean that he really thought that Darwin was just a minor player in an evolutionary tradition that had begun before? Or are other interpretations possible?

Hayek’s family history argues against Hodgson’s claim that Hayek misunderstood Darwin’s work. Hayek came from a family of natural scientists. His paternal grandfather studied natural history and biology and organised the first international ornithological exhibition in Vienna in 1881. His physician father devoted his spare time to botany and, as a boy, Hayek would accompany him on field trips and would mount and photograph the specimens they found. Around age sixteen, his interest ‘gradually shifted from botany to palaeontology and the theory of evolution’ (Hayek, 1994, p. 43); in the same interview, he reported that he could have been happy becoming a biologist. Hayek grew up on Darwin. It seems unlikely
that his emphasis on the evolutionary thought of the Scots moral philosophers was due to
his failure to 'understand or appreciate' the importance of Darwin's contribution.

So why did Hayek keep bringing up what he called the 'Darwinians before Darwin'? Again, a simple answer suggests itself. In his own work, Hayek was concerned with cultural evolution, not biological evolution. As Hayek so often emphasised, cultural evolution differs from biotic evolution in a number of important ways. Crucially, the sort of evolutionary theory that was closest to cultural evolution was that propounded by the Scots social philosophers. Hayek emphasised the work of these men because it was the work that was the most relevant for his concerns. Hodgson's mistake in my opinion is to take Hayek's metaphor of 'Darwinians before Darwin' as a literal statement. I agree that Hayek emphasised the work of these earlier thinkers. And he was right to do so; their contributions were the part of evolutionary thought that was of most relevance for his own writings on cultural evolution.

(4) Hodgson claims that his arguments on ontogeny and phylogeny are more complex than
I give him credit for. His position is that Hayek's theory is 'strictly phylogenetic in
character but largely confined to ontogeny because the ongoing sources of variety are
limited . . . Hayek's emphasis on “spontaneous order” implies limited sources of new
variety in the system' (Hodgson, 2004, p. 296).

If the above quotation summarises Hodgson's position, I do not think that I misunderstood
him. This is why I said that 'for Hodgson, the notion that a market system might be an
type of a complex spontaneous order is in itself evidence of ontogenistic thinking'
(Caldwell, 2001, p. 547). In any event, if this is his position, I disagree with him.

I think that Hayek's overall goal was to elucidate that set of social institutions that least
hinders social coordination in a world populated by fallible human beings, with diverse
motivations, living in an environment in which knowledge is dispersed and new knowledge
is constantly being generated. In such a world, there is certainly no guarantee of coordina-
tion. Indeed, Hayek sometimes would invite us to marvel at the degree of order that we do
see in the social world (Hayek, [1933] 1991, p. 21). Furthermore, the fact that within a
market system new knowledge is constantly being discovered and that the market process
itself aids in the discovery and transmission of new knowledge means that there are
manifold sources of variety in a market system. That a market system (along with other
social institutions) helps to coordinate the beliefs and actions of agents, and thereby creates
a kind of order, does not imply any limits on 'new sources of variety'. Indeed, one usually
associates such an absence of variety with the systems of central planning that Hayek so
often criticised.

(5) I turn finally to the question of Hayek and methodological individualism. Hodgson and
I agree that, if the term 'methodological individualist' is taken to mean that one accepts
the sorts of assumptions made by neoclassical theorists, Hayek was not one. We also
agree that Hayek thought that economists should take tastes and preferences as 'given',
in the sense that 'tastes and preferences are, for economists, not open to further
analysis' (Hodgson, 2004, pp. 297–8). We disagree about what this means.

Hodgson seems to think that 'given' preferences also means that they must be 'fixed' or
'unchanging' or 'stable'. The problem arises from the dual meaning of 'given'. It can mean
fixed or unchanging, but it can also mean, simply, given. For some neoclassical economists,
'given' tastes really does mean 'fixed' or 'stable' tastes. But it does not mean that for Hayek,
a point I emphasised in my paper.
Hodgson ignores this point. Thus he says that saying preferences are given 'is like saying that we must assume the sea is flat because we have so little information about the movement of individual waves' (p. 297). He repeats that the analytical abstraction of theory may require us 'to take preferences as fixed' (p. 298). His misinterpretation of the meaning of the word 'given' leads him to an inference that is equally erroneous: 'If we assume, for whatever reason, that individual tastes and preferences are fixed, then we constrain the amount of potential variety at the individual level' (ibid.). According to Hodgson, then, by assuming 'fixed' preferences Hayek was once again guilty of limiting variety and of unwittingly aligning himself with the ontogenists.

On this matter, I believe that Hodgson has rather severely misinterpreted both Hayek and my exposition of Hayek. As Hayek used it, the phrase 'given preferences' did not mean that preferences are either fixed or stable. It just meant that they are what they are. They can be wildly fluctuating, relatively inert or somewhere between, and this either across different individuals or within the same person at different points in time. One presumes that in those cases in which they are wildly fluctuating, this will serve as a source of the variety which Hodgson claims that Hayek ruled out. That economists should treat tastes and preferences as 'given' just means that economists need not concern themselves with the ultimate determinants of them. For the record, Hayek thought that psychologists could do this (Hayek, [1942–44] 1979, p. 68).

Hodgson seems simply to misunderstand what Hayek meant when he said we need not concern ourselves with the content of individual preferences. But the implication that he draws is perhaps even worse. To reiterate, Hayek's description of how a market system works portrays a dynamic, ever-moving and changing process. It is one that encourages the constant creation and utilisation of new ideas, products and procedures. It was Hayek, after all, who spoke of 'the unlimited variety of human gifts and skills' (Hayek, [1945] 1948, p. 15), who wrote that competition itself constituted a 'discovery procedure' (Hayek, [1967] 1978), and who as long ago as 1940 was writing that 'the method which under given conditions is the cheapest is a thing that has to be discovered, and to be discovered anew sometimes almost from day to day, by the entrepreneur . . .' (Hayek, [1940] 1997, p. 130). The world Hayek describes is the opposite of the static world that Hodgson accuses him of embracing.

The charges that Hodgson makes against Hayek's position might appropriately be levelled at certain neoclassical models of choice, but they have little to do with Hayek. As I mentioned in my article (Caldwell, 2001, p. 551, n. 1), this is not the first time that Hodgson has confused Hayek's position with those taken by mainstream economists. As such, his protestations notwithstanding, it appears that Hodgson has not fully freed himself from his earlier mistaken characterisations of Hayek's methodological individualism.

Bibliography

Hayekian evolution reconsidered: a reply to Hodgson


