

*Hayek's Conservative Liberalism.* By Hannes H. Gissurarson. New York: Garland Publishing. 1987.

**H**annes H. Gissurarson's *Hayek's Conservative Liberalism*, is a four-chapter dissertation work for Oxford University, attempts to answer some weighty questions regarding the politico-economic philosophy of F.A. Hayek, a Nobel laureate in economics and a profound political philosopher of this century. The questions that Gissurarson seems to have in mind can be divided into two distinct groups. First, is the politico-economic philosophy of Hayek a coherent whole? Do its various threads—anti-rationalism, individualism, traditionalism, spontaneous order, evolutionism, radical policy proposals (denationalization of money, for example)—mesh together? Moreover, what is the structure of the relationship between these threads? Is it like a web, where all threads are independent and equally important though interconnected? Or like a cotton pollen with threads emanating from a center and extending in various directions? Second, does Hayek belong to the camp of either conservatives, (classical) liberals or libertarians? Or does he defy these typical categories and demand a new one?

The answer to the second query is in the title of the book, and Gissurarson erects a new castle of conservative liberalism for Hayek on the road stretching from conservatism to anarcho-capitalism. He argues that Hayek's anti-rationalism and traditionalism sets him apart from the liberals, while his individualism and radicalism differentiates him from the conservatives; but, he continues, the tension between the conservative and the liberal threads in Hayek's thought is apparent. Hayek's theory of spontaneous order, Gissurarson contends, serves as a center holding the threads that extend in seemingly opposite directions. The theory of spontaneous order allows Hayek not only to reconcile

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the intellectual elements of conservatism and liberalism that are traditionally thought to be antagonistic but also helps fill in the elements that are lacking in both. Gissaurarson argues that with the use of spontaneous order theory, Hayek can effectively counter the criticisms of liberalism from conservatism and vice versa. He concludes: "[Hayek's conservative liberalism] is, I believe, a liberalism from which conservatives have much to learn, but Hayek's fellow liberals even more" (p.166).

## I

Chapters one and three of the book provide the definition and elaborate on the meaning of conservative liberalism and then discuss it with reference to (Hobbesian/ Hegelian/Habermasian) conservative critics such as Michael Oakeshott, Roger Scruton, Irving Kristol, Charles Taylor, Ian Gilmore, and Noel O'Sullivan. Chapters two and four deal with Hayek's theory of spontaneous order and the liberal critics of Hayek, respectively. I shall first focus on Gissurarson's thesis that Hayek's system has more affinity with conservatism than with liberalism and that the archetypical conservative elements dominate the system enough to call him a conservative liberal rather than a liberal conservative.

According to Gissaurarson, conservative liberalism is to be characterized by two aspects; one, a conception of man as "both very ignorant and fallible in his judgement," and as a limited altruist. Man's altruism is limited since "he will not [be] able to know more than a fraction of people with whom he will have some direct or indirect contact in his life, he will not be able to care much about the rest or to take their interests into account." The second characteristic is the "acceptance and indeed enjoyment of a given concrete historical and social reality, the liberal and progressive civilization of the West... [T]hat man has developed, but not designed, a system of rules which makes this order possible" (pp.10-11).

With the help of Russell Kirk, conservatism is said to be comprised of six elements, two of which—the principle of prudence and variety—seem to be acceptable to all the parties in the dispute: conservative, conservative liberal, and liberal. The remaining four elements are as follows; first, "a transcendent moral order, to which we ought to try to conform the ways of society." Second, the principle of social continuity, that is, "[t]hey prefer the devil they know to the devil they don't know." Third, the principle of prescription or the "wisdom of our ancestors," and the fourth, that men are "chastened by the principle of imperfectability" (p.24).

While comparing the similarities between Hayek and conservatism, Gissaurarson states that "what is interesting from the point of view adopted in this thesis, is that Hayek would agree with all six of Kirk's ideas" (p.24). However, immediately after this statement he points out the difference in the interpretation of transcendent moral order between Hayek and the conservatives: "There is a difference between a moral order upon whose principles it is rational to act as if they are fixed, as Hayek's is, and a moral order whose principles are genuinely believed to be fixed, eternal, and true, as Kirk's is" (p.24). In what sense, then, could Hayek be said to be in agreement with conservatism? A few pages later Gissaurarson generously quotes Hayek denouncing the principle of social continuity by arguing that conservatives uphold the principle because they have no principles with which to criticize the present; they are unable to derive a meaningful political programme from their premises, and that they are fearful of change, "they have a timid distrust of the new as such" (p.31). Above all, the conservatives' resistance to change, Hayek argues, impedes any emergence and maintenance of spontaneous order since spontaneous coordination is possible only if people adjust to the changes as and when required. Is Hayek then in agreement with the conservatives on the principle of social continuity?

On the principle of imperfectability, Gissaurarson does not raise the question whether Hayek and the conservatives have the same meaning in mind. The conservatives' conception of imperfectability is akin to that of "Original Sin," while Hayek is referring to limited knowledge or ignorance and fallibility of human beings. The limited knowledge of man does not imply any existence of an all-knowing being.<sup>1</sup> One could even ask Hayek: By what standard is he labeling man's knowledge as limited? Hayek, to tackle his adversaries on their own ground, usually compares man with the hypothetical Planner and points out that even if each man possessed far less knowledge than the Planner, a competitive liberal order would be more efficient in using and creating knowledge. Moreover, Gissaurarson only alludes to the conservatives' general presumption of coercion in conforming the society to their transcendent moral order, while the use of coercion in the moral arena would certainly differentiate Hayek and the liberals from the conservatives.

Hayek is in agreement with the conservatives on their emphasis on the wisdom of the ancestors, but this does not set Hayek apart from the liberals. On this point, I believe that the best charge that can be levelled against liberalism is only of omission—it has not sufficiently stressed the importance of giving benefit of doubt to

developed traditions before advocating their elimination or change. Liberals have rarely repudiated all customs, morals, traditions, and social institutions, and have never demanded a *complete* reconstruction of a society on “rational” principles.

To demonstrate the superiority of conservative liberalism over liberalism, Gissaurarson argues that conservative liberalism can better handle the conservative criticisms of a competitive market order. Following the lead of Hegel and Habermas conservatives like Kristol, Taylor, and Gilmore have criticized market order as “uninspiring” and “self-defeating” because of its failure to create a sense of community; as Burke put it, “[t]o make us love our country, our country ought to be lovely” (p.83). Gissaurarson answers admirably the conservative charges by pointing out, among other things, that the concept of economic man is not an ethical postulate but only a methodological tool, and that economic theory does not depend on altruism or selfishness of the actors. The conservatives’ conception of human nature as “imperfect” does not allow them a theoretical foundation to argue for any possibility of social progress, but Gissaurarson aptly demonstrates that Hayek’s spontaneous order provides the necessary “self-regulative and self-corrective forces which, if properly cultivated, can operate in a free society, and make some kind of progress possible” (p.7). Besides, a competitive market order enables individuals to search for and fulfill their identities through various types of voluntary associations.

However, all the arguments that Gissaurarson makes on behalf of conservative liberalism can, in my opinion, also be made by liberalism, including the argument of spontaneous order. As we will see later, contrary to Gissaurarson’s contention, the theory of spontaneous order does not depend on the conservative elements of traditionalism and imperfectability.

## II

In the final chapter the author tries to show that conservative liberalism is better than contractarianism and libertarian liberalism by contrasting them on three major issues: Traditionalism, common law, and the theory of justice and rights. Focusing on Hayek’s emphasis on traditions, liberal critics like Roy Harrod, Lionel Robbins, and Samuel Brittan charge Hayek with historical relativism and self-contradiction (in proposing radical reforms in monetary and parliamentary systems). How could Hayek condemn slavery of the past? Gissaurarson answers that comparisons over time and space are very difficult and that people

in the past did not have the "concepts, knowledge, and information" to judge the issue. This argument might convince us that we should not apply the present standards of justice if we were to actually execute some slave-owner of the last century; it is not, as Gissaurarson seems to think, a reply to the charge of historical relativism but an acceptance of it (albeit with a reason). Of course one would have to show what is wrong with such historical relativism, but that is beyond the scope of this review.

In defending Hayek's radical policy proposals, the author points out that Hayek is only trying to remove impediments to spontaneous growth of the institutions concerned. However, he overlooks the fact that Hayek is not merely asking to leave the people alone to develop those institutions, but proposing a *specific* monetary and parliamentary system, so the proposals need to be defended on their own merits rather than simply asserting that they allow for spontaneous growth.

The real question, however, is which side Hayek would take in a conflict between tradition and reason. Hayek's discussion of common law provides an answer. In case of a "dead end" in the evolution of common law and when common law tradition conflicts with Hayek's conception of justice (usually the test of universalizability), Hayek favors overriding of common law typically with statutory law. Gissaurarson notwithstanding, Hayek's defense of common law is not based on his faith in traditions; Hayek uses a tradition-independent standard of justice to evaluate common law. In this sense Hayek's view of tradition and reason is not so much in contrast with other liberals.

In the debate over the theory of justice and rights, Gissaurarson's reasons for preferring Hayek's protected-domain theory over the "narrow" rights theory of Robert Nozick and Murray Rothbard ultimately come down to the question: "How are the anarcho-capitalists going to convince people who do not share their conception of human nature, from which they derive their rights...?" (p.156)<sup>2</sup> He invites the charge of gross ignorance of the rich libertarian tradition that attempts to provide a philosophical foundation for natural rights theory when he states: "You can of course define individual rights in whatever way you like, and then go on to deduce their political consequences.... But this will not appear very persuasive to others than the already converted" (p.156). There seems to be some confusion between philosophical/analytical arguments for or against natural rights theory and the theory's persuasive or polemical power. Many sound arguments do not appear persuasive, otherwise we would not be in the present moras of welfare statism.

It has been repeatedly pointed out that natural rights theorists need make only one "assumption" about human nature...that the use of reason is man's primary mode of survival. Reason is understood not as a tool to construct utopias or social orders, but as a means to deal with practical aspects of human life—its survival and enjoyment. There is a strong parallel between rights theorists' emphasis on reason and Hayek's on knowledge or information. Hayek recognizes that "[h]uman beings are in some respects pretty similar wherever they live; they react to prices; they want more than less" (p.131). Would one claim that human beings "react" to price changes in a more or less predictable way because of tradition, or law, or because of their use of reason in understanding and analyzing the data they acquire?

After shooting down the straw-man version of natural rights theory, Gissaurarson engages Hayek and Ronald Hamowy on the issue of the definition of coercion. The whole discussion centers on the example of an owner of a single spring in an isolated oasis who demands an exorbitant price for water. Hayek wants to call such an action coercive, while Hamowy retorts, "By what standard?" One wonders whether anyone can derive a *general* moral or political principle from this (life-boat) situation. What would Hayek or Hamowy tell the thirsty and dying people of the isolated oasis to do? Consult a common law judge, set up a committee to decide what price is fair, or take over the spring by violence? Besides, brooding over the oasis example does not help settle the question of the definition of coercion.

Reading through Gissurarson's discussion of the libertarian liberal thought, one feels that the objective of the author is mainly polemical: By portraying a wide gulf separating Hayek and the liberals, "full-blooded" conservatives are urged to move into the shining Hayekian castle. This feeling is reinforced when one puts together the author's scattered remarks about the role of government in a society.

I conclude, again, that Hayek has not argued moderate intervention out of court (p.76); there is nothing in the conservative liberal position which prohibits poverty relief, provided it is done outside the market and not by interfering with the price mechanism (p.106); [c]onservative liberals would not agree with romantic individualists, that pornography and prostitution, for example, are experiments in different lifestyles (p.116); [m]onopoly, for example, is a problem which may require some government interference, or

“judicious lordship” (p.125); contrary to what Hayek wants to believe... [s]ome positive rights or welfare rights seem to me to be consistent with the maintenance of a market order (p.151).

### III

Gissaurarson argues in chapter two that the theory of spontaneous order is the central theme of Hayekian thought which makes conservative liberalism superior to liberalism and that it rests on conservative ideas of tradition, wisdom of our ancestors, and imperfectability of man. I shall contrast Hayek's theory of spontaneous order with that of Carl Menger who is, in Gissaurarson's opinion, a conservative liberal and also one of the intellectual fathers of Hayek (the other being David Hume).

Hayek's spontaneous order theory is characterized by the twin ideas of evolution and spontaneous formation of an order. That is, cultural evolution through natural selection of traditions and the results of human action but not of human design. It should be noted that the famous phrase “results of human action but not of human design,” conveys the intended meaning only when one equivocates on the word “human,” interpreting in its first use (in human action) as plural and then as singular in its second use. Some would say that it is precisely the equivocation that makes the phrase tick. The equivocation, however, leads to the fallacy of the missing horn, the fallacy with which Hayek and other Austrian economists have charged the proponents of central planning. Austrians have unfailingly pointed out that the relevant choice is not, as is usually posited, between the Plan and no Plan, but between the Plan and the individual plans. Extending this argument one could say that the relevant choice is not between the Human Design and no Human Design, but between the Human Design and the human (plural) designs. This is not a mere exercise in logic, the distinction brings out two—not totally but significantly—different conceptions of spontaneous order, that of Hayek and Menger. Menger recognizes that though social institutions are unintended consequences of human efforts, they are nonetheless products of individuals' interests, knowledge, and design. Gissaurarson, on the other hand treats Menger as a forerunner whose theory of spontaneous order was extended and enriched by Hayek.

The difference between Menger and Hayek crystallizes when one focuses on the Hayekian idea of cultural evolution through natural selection.<sup>3</sup> Like Hayek, Menger has an evolutionary theory

of spontaneous order, but in Menger the forces of evolution are entrepreneurs rather than natural selection. Menger consistently emphasizes the fact of dispersed and *differential* knowledge among economic agents, and its relevance to the evolutionary processes of social institutions. While elaborating on his theory of the emergence of money, Menger states:

The exchange of less marketable wares for those of greater marketability...is in the interest of every *single* economic individual. But the actual closing of such an exchange operation presupposes the knowledge of this interest on the part of those economic subjects.... This knowledge will never arise simultaneously with all members of a national group. Rather, at first only a number of economic subjects will recognize the advantage accruing to them. But,...there is no better means to enlighten people about their economic interests than their perceiving the economic successes of those who put right means to work for attaining them... [The general acceptance of money is the product of the practice] for quite a long time on the part of the most perspicacious and ablest economic subjects for their own economic advantage (1985, p.155).<sup>4</sup>

Gissaurarson does describe the above story and recognize Menger's causal-genetic method of explanation but later dismisses it as reductionism and favors Hayekian natural selection.<sup>5</sup> It is clear that to advance a theory of spontaneous order, one need not subscribe to Hayek's or the conservatives' conception of man as an ignorant and imperfect being.

In conclusion, one may not accept all the answers that Gissaurarson has offered but the questions raised about the consistency and the structure of the various elements of Hayek's thought, its relationship with traditional political theories, and the role of spontaneous order and its conceptualization are of critical importance and deserve further efforts.

1 Graham Walker, in his *The Ethics of F.A. Hayek* (New York: University Press of America, 1986), clearly points out the wide gulf that separates Hayek and that conservatives on issues of morality and law.

2. Here Gissaurarson attacks the subjectivity of the conception of human nature, but he uncritically accepts Hayek's and the conservatives' conception of man as being fallible and imperfect being. One wonders about how the later's conception is judged to be more accurate or realistic than that of the natural rights theorists.

3. The author is also surprisingly innocent of the critique of Norman Barry, "The Tradition of Spontaneous Order," *Literature of Liberty* (Summer 1982): pp.7-58; and Viktor Vanberg, "Spontaneous Market Order and Social Rules," *Economics and Philosophy* (1986): pp.75-100, of Hayek's emphasis on natural selection of traditions.

4. Menger's insistence on human reason and entrepreneurship is very clear in his discussion of the origins of law, *Investigations into the Method of the Social Sciences* (New York: New York University Press, [1883] 1985), pp.225-35. The fact that law is a result of unintended consequences of human efforts is, "however, by no means excludes the genesis of law as the result of human intelligence" (p.230). Moreover, to avoid "any mystic allusions attached to [the word organic or spontaneous]," Menger uses phrases like, "unintended results of historical development" and "unintended results of social development" (pp.149, 130).

5. Anticipating the charge of reductionism, Menger states: "The opinion that the unified nature of those social structures which are designated as 'social organisms' excludes the exact (atomistic!) interpretation of them is thus a crude misunderstanding" (1985, p.144).

PARTH SHAH

*Auburn University*