

Book Reviews

F.A. Hayek, *The Fatal Conceit: The Errors of Socialism*, volume one of the collected works of F.A. Hayek, W.W. Bartley, III, editor (University of Chicago Press, Chicago, and Routledge and Kegan Paul, London, 1989) pp. xii + 180, \$24.95 (cloth).

Written as the author neared his ninetieth year, *The Fatal Conceit* is the summary and conclusions of F.A. Hayek's long and brilliant intellectual career. Except in matters of emphasis, there is little in this new work – the first of a projected 22-volume series of collected works – that has not appeared before, especially in the recent three-volume treatise *Law, Legislation, and Liberty*. But this book is also more easily accessible than those earlier works: it is more concise, less technical, and in many ways better argued. *The Fatal Conceit* is thus an excellent introduction to the work of one of the most important thinkers of the twentieth century.

Readers of this journal unfamiliar with Hayek's work ought to be among the first in line to read this book. For, among twentieth-century economists, Hayek in my view outstrips perhaps even Veblen and Schumpeter as a philosopher of economic and cultural evolution, and he rivals Simon as a theorist of cognition and limited rationality.

Indeed, for Hayek (unlike Simon), the issue is not so much the *limits* of rationality as the very *conception* of rationality itself. One of Hayek's principal nemeses for years has been the conception of rationality as consisting exclusively in conscious deduction from explicit premises. This 'constructivist' rationalism, as he calls it, is often quite *irrational*, both in its willingness to ignore the wisdom of culturally evolved rules, habits, or conventions and in its hubristic inclination to social engineering. For Hayek, the human mind is itself the product of cultural evolution, not a freestanding machine capable of creating social institutions out of whole cloth. And genuine reason consists in the disposition to study, criticize, and choose among alternative rules of conduct.

Hayek's theory of cultural evolution is one in which social experiment offers up patterns of behavior that compete with one another through a mechanism of group selection. When a group prospers because of the rules it follows, that group grows in size relative to groups following other rules. This is so either because the group can support a larger population or because, in Lamarckian fashion, other groups begin voluntarily to imitate the successful rules. This process is fundamentally a learning process, and the developing practices of society become a repository of knowledge not fully accessible to, and greater than could be possessed by, the conscious minds of the group's members. As a historical matter, Hayek argues, the institutions and rules of conduct we associate with the market economy developed

because, relative to older communal forms of organization, they provided their practitioners with a superior technology of life – notably specialization and exchange – that allowed them to increase in numbers and otherwise dominate other groups. Moreover, these institutions tend to be successful precisely because, by allowing for constant experimentation, they tend to accelerate the process of cultural evolution.

Two aspects of Hayek's theory seem to me to be most controversial. The first is the issue of Panglossianism; the second is the problem of group selection.

Hayek is often accused of having produced a 'conservative' theory in which the products of past evolution are necessarily desirable and therefore unassailable. Hayek has been at pains to deny this, and I agree that he can in fact be defended against this charge. But the problem is partly that, in Hayek's world, there is a fundamental ambiguity – a tension – between tradition and experiment. Both are essential for cultural and economic progress. On the one hand, prejudice, superstition, and unexamined cultural norms often serve the purpose of protecting from critical scrutiny patterns of behavior that are successful even though the practitioners do not – or sometimes cannot – know why. On the other hand, traditional morality, in Hayek's scheme, is often detrimental to the process of cultural learning because much of our moral intuition was formed in premodern times when behavior was adapted to small groups or tribes sharing common goals. Such intuitive longings for solidarity pull us toward behavior ill-adapted to the modern world of abstract rules, of specialization, of impersonal exchange – and of evolutionary experiment. This is Hayek's dilemma of civilization. Respect for tradition in his theory is thus a two-edged sword.

On the matter of group selection I must partly agree with the critics. Although he insists on the importance of Lamarckian mechanisms of transmission, Hayek is also quite taken with the importance of population growth as part of the mechanism of cultural selection. If we understand group selection in the narrow sense – a sense that Hayek seems at times to endorse – then cultural evolution works by favoring with larger populations those groups following rules better adapted to the generation of wealth and material well-being. Hayek agrees with Marx that the proletariat was the creation of capitalism's ability to support a population larger than earlier systems could have maintained. But if the system is really Lamarckian, successful practices can come to dominate through imitation even if the innovating population does not grow in size. Adherents to Christianity and Islam far outnumber adherents to Judaism, even though the last offers rules of morality arguably more conducive (or less hostile) to the production of wealth and material well-being than those of its numerically more successful counterparts. The reason for the relative numerical success of Christianity and Islam is the explicit provision within those systems of conduct for a

mechanism of cultural transmission: proselytization. A related example is military conquest, in which a small population can impose its culture on a larger but militarily weaker group without expanding its own numbers significantly. Imitation may thus be a more important explanation for the dominance of particular patterns of behavior than is any increased ability to support population, although population growth is also certainly part of a complete story. (One could of course define imitators as members of the group, but this virtually evacuates the idea of group selection.)

Both of these lines of criticisms – as well as many others – point up an important aspect of Hayek's work that deserves great stress. Hayek is a builder of abstract systems, not a tinkerer with details. He persuades not by iron-clad arguments at all levels but by trying to change the way we look at fundamental ideas. His theory of cultural evolution is a large but abstract tapestry of which we are left to sew in the small threads. Readers of this journal should take particular note.

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John E. Roemer, *Free to Lose: An Introduction to Marxist Economic Philosophy* (Harvard University Press, Cambridge, 1988) pp. xii + 203, \$8.95 (paper).

In a remarkable stream of monographs and articles appearing in less than a decade John Roemer has deployed much of the analytical apparatus of contemporary neoclassical economic theory to reformulate central ideas of Marxian political economy, to evaluate the explanatory status of the reformulations, and to revise and extend the analysis in the light of his critique. Roemer's work has excited interest and controversy not only in political economy but also in sociology and philosophy. Here Roemer presents major elements of his broader work in a form intended to be accessible to upper division undergraduates. (Excepting two proofs in an appendix, the technical level does not exceed that of intermediate micro-economics texts). The book can well serve as a stimulating introduction to Roemer's version of 'Marxist Economic Philosophy'.¹

Roemer aims to renovate Marxist economics for a normative project, i.e., 'to challenge the defensibility, from a moral point of view, of an economic system based on private ownership of the means of production'. Yet most of

¹A brief though more technically demanding survey introduction is Roemer (1986) which covers much of the same material except an important theorem (see below) detailed in Moulin and Roemer (1989).