

New Directions in Emergent Order Research

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F. A. Hayek's writings emphasize the role of discovery processes, complexity, and pattern prediction to provide a solid corner stone to economic theory. It is less well known that Hayek applied his theoretical model well beyond traditional economic theory, indicating other areas where his insights would prove useful.¹ Even so, today his approach to social theory is usually associated only with economics. As a consequence, often independently from his other scholars have described similar processes in other disciplines.

Hayek encapsulated the process he described by his term "spontaneous order." Today other terms describing the same basic dynamics are in more common use, particularly "complex adaptive systems" and "emergent orders." To fully explore the greater implications in Hayek's work requires integrating it with work in other disciplines that has come since he wrote, often in apparent ignorance of his writings and employing different terminology.

This paper argues Hayek's approach lays a solid foundation for a unified sciences of complex social orders. It also holds hope of healing what I believe to be a politically suicidal split within contemporary liberalism.

The Core Hayekian Paradigm

I believe Hayekian theory's core insights can be reduced to five key points:

1. Spontaneous orders are discovery processes structured by abstract procedural rules through which individual plans responding to local knowledge and personal insight are brought into greater coherence with similar plans by an indefinite number of other individuals mutually unknown to one another.

2. Systemic coordination occurs through internally generated feedback signaling participants how well or ill their actions accord with others also participating within the system, or who are anticipated to do so.

3. Systemic feedback is impersonal and simple. It is impersonal because it arises independently of the intentions of those whose actions generate it. It is simple because it usually reflects fewer values than those actually motivating the people whose actions generate the feedback. This feedback signals a lowest common denominator, a necessary simplification for emergent orders to exist.

4. Within an emergent social system feedback creates systemically defined gains and losses. These define the basic values which a spontaneous order privileges. When people's motivations are in harmony with these systemic values their efficacy within the system is enhanced, otherwise not.² The same phenomenon occurs in natural emergent evolutionary and ecosystems where systemic success is defined as population growth, and systemic failure as population decline.

5. There seems to be no limit to the complexity of relationships able to be incorporated into systemic emergent processes.

Research Topics

There are several areas beyond traditional economics where I believe Hayek's analysis of complex orders arising from formally voluntary cooperation among status equals can fruitfully be applied. Key to the following analysis are two interconnected points. First, because they simplify values there is to some degree a disconnect between emergent order processes and human intentions. Second, no emergent order is simply a facilitator of peaceful exchange, in contrast to claims by many economists influenced by Hayekian theory. These points will strongly influence my discussion of the following questions and assertions:

1. How Do Emergent Orders Influence One Another?
2. Tensions Exist Between Spontaneous Orders and Instrumental Organizations
3. Spontaneous Orders Are Systems of Power
4. Spontaneous Orders Depend On *and* Undermine Local Knowledge
5. Understanding Spontaneous Orders can Heal the Crisis of Liberalism

Discussion

1. How Do Emergent Orders Influence One Another?

Hayek described the market, common law, language, science, civil society, and custom as spontaneous orders. There are other spontaneous or emergent orders he did not describe, but that fit his criteria for such

phenomena, such as liberal democracy, urban geography, anthropology and the World Wide Web.³ These social emergent processes are also situated within natural emergent ecological and evolutionary processes. Hayek (1960) was aware of the similarities between social and natural emergent orders.

Some spontaneous or emergent orders are species wide (language and custom), others cut across societies (science, the market, the web), still others are largely confined within a society (democracy, common law, custom, civil society). Given that each responds to different feedback signals and covers a different group or the same people acting in different contexts, how do they interact? I think the most promising approach examines emergent orders through descending levels of abstract analysis, from the most general to specific case studies and historical accounts:

The most abstract analysis

All emergent social processes arise from procedural rules, free from substantive content, and applying equally to all participants. These rules all rely on some principle of formal agreement. If they compelled you to do my bidding, ends would be privileged over yours, resulting in an instrumental organization rather than an emergent order.

These rules facilitate open-ended cooperation, enabling me to communicate with you regarding some project or view of mine. You are free to agree my project is worth pursuing, my view worth adopting, or not. Cooperation and formal equality, then, are values inherent within all emergent social orders as such (Habermas 1979, 1998: 305-7, 354, 486). There is no such thing as a “value free” emergent social order. Emergent processes are the institutional expression of liberalism’s most general principles: respect for individuality and equality of status (Hayek 1972: 30).

Rules able to generate emergent orders facilitate cooperation at face-to-face levels and through feedback processes across the system as a whole. The first enables individually held local and tacit knowledge to be employed effectively in pursuing new plans and goals. The second makes dispersed and often only tacitly and locally known knowledge useful across the system.

The first level of concreteness

While procedural and abstract, within different emergent orders each set of rules specifies some procedures and not others. No such thing as a pure “procedure” exists. For example, market procedures are not used for scientific research partly because scientific knowledge works best when it is most freely available whereas within the market knowledge is most valued when access can

be controlled and sold. Science encourages discoveries made freely available to all. The market encourages discoveries that pay off financially.

Despite these unavoidable biases, particular procedural rules are silent regarding the specific ends pursued within their framework. In principle any voluntary agreement could be made within the context of any of these rules. Nevertheless, particular rules encourage some kinds of goals more than others. In doing so these rules establish what I term a *systemic bias*, even if they do not specify which among a large number of mutually exclusive possibilities the system will at any time manifest.⁴

Different emergent processes can exist in tension with one another because beyond voluntary agreement, no common denominator exists underlying these different kinds of feedback, and feedback in a complex system must *focus* the kind of agreement required. For example, the market depends on bargaining, but science requires persuasion. Interesting research questions arise when we ask how such orders interact. One that particularly interests me is that between the “gift economy” of both science and the world wide web, and the market’s commodity economy.⁵

The second level of concreteness

At a deeper level of concreteness, these rules’ content reflect different historical circumstances. For example, the market’s need for contractual property says little about its specific character. Particular rules reflect the influence of extra systemic power relations as well as other values. Markets have flourished with rights allowing the buying and selling of slaves, and also flourished when slavery was outlawed. Markets prospered with differing rules defining what counts as pollution, with different definitions of water and labor rights, and so on. There is no immaculate conception of property rights and any specific definition of a property right could have been defined differently, and in many different countries with market economies, they are.⁶

At this level of analytical abstraction parliamentary democracy differs from a constitutional democracy and a unitary democracy differs from a federal one, though all are democratic emergent orders. Scientific procedures are applied differently within the field of particle physics than among those studying evolutionary biology. Stephen Toulmin (1990) has explored how the aftermath of the Thirty Year War influenced the development of science in ways still important today. Similar observations apply to all social emergent orders. As we focus with increasing concreteness, biases within sets of generative rules become more specific, reflecting cultural and historical influences that shaped the more generic qualities these orders share in common. Even so, all emergent orders still remain open as to which independently selected projects will be pursued and unpredictable in how they will concretely manifest.

The Third Level of Increased Concreteness

Because of the economistic biases underlying much use of Hayekian theory, the question of what reciprocal influences historically specific orders exert on one another has rarely been raised. Yet this issue is important for understanding how emergent processes actually manifest. How does the market or democracy influence the development of science? How does the existence of science influence their development? For example, as medical knowledge about vulnerability to diseases grows, the logic underlying traditional medical insurance is undermined as the unpredictable becomes predictable. Pools of shared risk become smaller and more differentiated, undercutting the logic behind insurance.

For another example, how does social capital – the cultural forms that facilitate cooperation – influence the development of more finely tuned emergent processes? It appears that countries and parts of countries where high levels of “bridging” social capital facilitate cooperation among strangers, develop more vital economies than those where social capital is based principally on “bonding” relationships, that are personal and hierarchical (Putnam 1993). This observation of course is in keeping with Hayek’s (1976) praise of abstract relationships compared to more concrete “tribal” connections with the particular. Questions at this level of analysis begin to reflect the complexity of human life itself.

The Fourth Level of Concreteness

We can also incorporate the impact of emergent processes from the natural world because the social world does not exist in a vacuum. Natural processes adapt to change through biological reproduction, while human social emergent processes adapt through changes in ideas and knowledge, enabling enormous transformations to occur within a generation. If these changes undermine natural processes because they occur so rapidly biological adjustment cannot keep up, serious problems can arise. Human orders are stronger in the short run, natural ones in the long, and feedback between them is based on different principles, leading to the possibility of society, even a free society, failing to maintain the natural processes that sustain it. Pursuing this direction of analysis would lead to a Hayekian Eco-Political Economy.⁷

The Fifth Level of Concreteness

At this level that we study specific instances rather than the operation of general principles in many instances. Of course such study can and should be informed by all of the above, but this is the realm of history and case studies.

We have transitioned from the most abstract to the most specific level of analysis.

2. Tensions Exist Between Spontaneous Orders and Instrumental Organizations

Hayek distinguished between spontaneous and what he termed made or constructed orders. I will describe these latter more generally as instrumental organizations: they are created or in nature evolved to pursue concrete purposes. Anything describable in teleological terms is an instrumental organization in this sense, be it social or biological.

On balance, spontaneous orders increase the likelihood of successful action within their confines by coordinating otherwise disconnected actions through feedback signals, but they also threaten these efforts. When organizations do not control their environment they can be weakened or destroyed by the same processes that once facilitated their success. This problem is scarcely confined to businesses. Political parties, organized religions, and indeed *any* instrumental organization within a free society all face the same kind of problem.

If they act rationally, instrumental organizations therefore have interests in conflict with the requirements for sustaining emergent orders.⁸ As a result we can theorize that large business organizations will *not* support free markets as soon as competition threatens their prosperity. We can also predict political parties in a democracy will often try and limit competition from new entrants unless those entrants serve to undermine their competition. The same will be true for competing schools of thought in science so long as no strong consensus exists about a scientific issue. Ultimately they will try and convert an emergent order into an instrumental organization they control. This tendency holds for any organization in any spontaneous order.

In many respects the strongest centralizing forces in American politics have been corporations seeking to standardize conditions across the country by disempowering localities. When this paper was first written there were such efforts by GM, Ford, Adidas, and many agricultural corporations. This issue is consistently neglected by classical liberals who usually focus on politically weaker forces also seeking to expand political power at the center (Weinstein 1981, Kolko 1977, McConnell 1996). To some degree Hayek (1960: 124) was aware of this issue, but his brief analysis has been long neglected.

In attempting to manipulate the rules of an emergent order to preserve their dominance, instrumental organizations use systemic resources obtained by successful action within that order, or import resources acquired within other orders, to try to short circuit spontaneous processes threatening their existence.

Thus Disney Corporation got copyright rules changed shortly before Mickey Mouse and similar characters could enter the public domain. Credit card companies get rules for bankruptcy changed in their favor with minimal public attention. This list could be lengthened considerably. The primary beneficiaries are usually well-established companies. Successful new firms often do not seek political favors - until they become well established and therefore vulnerable themselves to new market challenges or alternatively, to political extortion.

Corporations and other interests seek to influence political decision-making by contributing money and hiring lobbyists. Politicians seek to make money due to the power they exert in influencing government outcomes, both in government and through networks of personal connections after they leave, to become lobbyists. It is sometimes hard to tell whether public policy is set by bribery or extortion, and in government it will almost always be influenced by one or both.

Amoral Organizations

In the *Road to Serfdom* Hayek (1944: 134-152) developed another insight about instrumental organizations in his study of collectivism. A careful examination of his argument about collectivist amorality show it really describes the logic of instrumental organization. As with a totalitarian party, any instrumental organization defines its members and actions in terms of their usefulness as resources in attaining organizational goals. The difference lies only in the depth of claims made upon members and ability to enforce those claims. Strong organizational leaders can supply ethical guidance, but in practice most are more interested in increasing their wealth, status, and power.

Instrumental organizations have an intrinsic tendency to undermine emergent processes. The ethical framework for a complex society exists at the individual level and at the level of emergent processes, not in instrumental organizations, which tend to be amoral.⁹ This creates serious problems for any society in which organizations have become major players in social life, which means, in any complex society.

Commodification and Border Wars

A third area of research interest arises when organizations operate within more than one emergent order, and so must attend to feedback based on different values. Because feedback signals generated within different orders reflect different values, there is plenty of opportunity for tensions to arise between competing incentives. For example, in a democracy the media serves people in their different roles as citizens and as consumers. The publicly held corporate media *must* seek to maximize share value or risk hostile takeover by

others who will. Serving citizens is progressively subordinated to serving consumers, and so Paris Hilton's jail term and Anna Nicole Smith's baby often got more coverage than the US Attorney firings or growth of executive absolutism (Project for Excellence in Journalism 2007, Benson 2007).

For another example, a corporate lumber firm *must* seek to maximize money income or run a similar risk, as happened to Pacific Lumber. While profitable and sustainable, Pacific Lumber could be more profitable if it were managed unsustainably. The firm was therefore taken over in a hostile bid, leading to a short-term increase in profit and long-term degradation of the forest.¹⁰

As a final example, doctors are increasingly concerned that scientists' financial connections are not reported along with their research in medical journals. There seems to be a connection between funding and findings, along with suppression of research that does not fit corporate funders' financial interests (Lyons 2005, Berenson 2005).

These phenomena lead to a Hayekian theory of commodification. Everyone needs material goods and services in virtually everything they do, and the market supplies them. The market order can therefore expand to incorporate other emergent processes, subordinating their feedback to sometimes conflicting market feedback. If something can be commodified, it will be, even if in the process other emergent processes are degraded and other values undermined. This argument is *not* anti-market, it is anti-economistic and anti the kind of marketolatry so often associated with those influenced by Hayek's ideas. This perspective is certainly not nearly as hostile to the market as are Marxist theories of commodification, but neither is it as rosy in its implications as traditional free market analysis.

A Hayekian theory of commodification would be the most important instance of a general theory of systemic contradiction. This problem can arise within any activity relying on adapting to the conditions needed to sustain two or more emergent orders. I have taken some early steps in developing such a theory (diZerega 2004: 445-468).

One implication of this analysis is that for intrinsic reasons neither market nor democratic organizations are able to perform certain socially important functions well. As this problem has become more acute new institutions are arising to address them from civil society, the real locus of freedom because civil society is not dominated by any particular system of feedback, leaving choices to individuals balancing the different values involved. The rapid growth of land trusts is a case in point, constituting a spontaneous creation by free people to meet their felt needs (Barnes 2006, Forbes 2001, Hawken 2007).

Readers troubled by this analysis might argue that different emergent orders also enrich one another. For example, science and the market once made inexpensive newspapers possible, and they are doing so even more impressively today with the rise of blogs which also make it inexpensive to publish. Hope for profits spurs medical research and innovation. What was once waste in logging now is turned into useful commodities, reducing pressure on forests.

I agree. The interconnections between markets, science, and democracies, among other orders, can be very beneficial. If the study of emergent processes were dominated by anti-liberal scholars it would be important to emphasize this point. But today the study of the market as an emergent order is dominated by classical liberals and libertarians, and so I emphasize the other side of the coin. Both sides exist, but for now I believe we need to attend to the dark side more because it is so often ignored or denied.

3. Spontaneous Orders Are Systems of Power

Market prices, democratic votes, and peer review of scientific papers simplify the values motivating most individuals most of the time. Such simplified feedback makes emergent orders possible by reducing the ambiguity of signals helping people interpret larger systemic contexts. This observation means no spontaneous order is *simply* a means for facilitating human cooperation. As I have emphasized, they also privilege some values over others.

People pursuing values closely aligned with an emergent order's defining values have an advantage over people using the same signals while pursuing values for which the order's biases are simply instrumental. The more an individual's plans harmonize with systemic feedback the greater their likelihood of success. The less they harmonize the greater the likelihood the individual will lose systemic resources. This is true even if the individual losing systemic resources believes on balance he or she benefits. A person can be a "systemic failure" by losing systemic resources while still regarding themselves subjectively as successful. The same also holds in reverse. A person can be a "systemic success" while considering him or herself failures.

A Foucauldian Moment

The more simplified the feedback signals coordinating an order, the greater their disconnection from the complexity of human motivations. As the most simplified, and therefore most impersonal form of feedback, market prices most exemplify this problem. This point leads me to a basic distinction between the market order and the financial order.¹¹ In the market order transactions are very complex in their motivations, extending from

transactions by people known to one another, using resources they personally own to more impersonal relations. These exchanges can reflect complex value calculations between cooperating parties. Only some seek only to make or save money although nearly all value money. When we shift to increasingly impersonal exchanges, the relative value of money grows and of other values diminishes. At its most extreme the market order turns into the financial order. In the pure market order prices are signals, in the pure financial order prices are commands.

To take an example from a recent *New York Times* article (Morgenson 2007):

In 2003, Dianne Brimmage refinanced the mortgage on her home in Alton, Ill., to consolidate her car and medical bills. Now, struggling with a much higher interest rate and in foreclosure, she wants to modify the terms of the loan.

Lenders have often agreed to such steps in the past because it was in everyone's interest to avoid foreclosure costs and possibly greater losses. But that was back when local banks held the loans and the bankers knew the homeowners, as well as the value of the properties.

Ms. Brimmage got her loan through a mortgage broker, just the first link in a financial merry-go-round. The mortgage itself was pooled with others and sold to investors — insurance companies, mutual funds and pension funds. A different company processes her loan payments. Yet another company represents the investors as the trustee.

She has gotten nowhere with any of the parties . . .

Of course price information must be interpreted, but once interpreted the realm of choice becomes very small. A conscientious corporate executive is *required* to maximize money value above all other values. A computer program written to signal when to sell stock shares does not even need to be conscious let alone make choices. In most cases mutual funds are required to seek to maximize share value, subject to whatever constraints may exist on the organization's actions, such as with "green funds."

It is not surprising that in the financial order the nature of 'ownership' changes because power over resources has changed, from personal to systemic. Most mutual fund owners are unaware of what shares they "own" or what companies they supposedly "own" are doing to make money. Ownership in the sense of private property whose use is controlled by ethically responsible

individuals disappears, replaced by at most financially responsible individuals where only bottom lines count.

Operating independently from specific individual actions, penalizing some people's values while rewarding others, the financial order is a *system of power*. An observation by Michael Foucault (1984) clarifies this point:

If power were never anything but repressive . . . do you really think one would be brought to obey it? What makes power . . . accepted, is simply the fact that it doesn't only weigh on us a force that says no, but that it traverses and produces things, it induces pleasure, forms knowledge, produces discourse. It needs to be considered as a productive network which runs through the whole social body much more than as a negative instance whose function is repression.

Human relations coordinated by the market order are one of Foucault's "capillaries" of power that exist throughout a society. *Any* emergent process that has separated its feedback from the multidimensional emergent processes within civil society becomes to that degree a system of power. At its most extreme its signaling effect becomes controlling. On the one hand, human agency is empowered, on the other, it is constrained. This kind of power is not necessarily bad. It can be beneficial. But neither is it defined away as a pseudo problem as traditional classical liberals are wont to do.

While similar issues of power rise in other emergent orders, they do so with less vigor because their feedback systems, the "capillaries," are less focused on a single value. When social processes become analytically separated from civil society, taking on a reality of their own, they exert 'independent' pressure on human action, creating a "gravitational field" that gently and sometimes not so gently pulls behavior into line with simplified values, or penalizes it.¹²

It is within civil society, *including the market place but not the financial order*, that the fit is greatest between socially defined successful cooperation and individually experienced successful cooperation. This is because civil society incorporates the richest mix of values into its multidimensional feedback and coordinating process. This complexity also makes it far more difficult to theorize about civil society than more simplified orders that have differentiated themselves from out of it. Even so, Alexis deTocqueville made a good start at discerning how civil society was rooted in emergent order processes.

Civil society is therefore the most basic realm of individual autonomy and freedom. But past a certain point in social complexity, more specialized emergent orders gain increasing autonomy, becoming able to be analyzed in terms of feedback processes specific to them. The personal element shrinks, and within purely market order phenomena such as computer programs selling

stock, it fully disappears. We need both civil society and the emergent orders to which it gives birth, so this tension is inevitable.

4. Spontaneous Orders Depend On and Undermine Local Knowledge

In a well functioning emergent order the abstract knowledge provided by feedback arising from impersonal processes assists those possessing concrete local knowledge of place and time to integrate their plans into complex networks of cooperation. Their chances of acting successfully are increased. Every emergent process exhibits both a micro and macro level. Systemically useful knowledge arises from the interaction of local knowledge with impersonal coordination processes.

To be socially useful the knowledge transmitted through emergent processes must assist unknown individuals pursuing unknown goals. In the market prices must reflect real and anticipated costs, or they will give misleading information. Votes must reflect voters' real preferences, or the political system's ability to serve public values will degrade. And so on.

But because feedback is abstract and universal it can give misleading information, a problem similar to but not as severe, as those confronting planned interventions: coordination breaks down because the order becomes disconnected from the concrete circumstances that sustain it. A plan employs specific commands, a emergent order promotes plans in accord with specific values. But in particular contexts some values can be as inappropriate, as some commands. In emergent orders when feedback is disconnected from sensitivity to locally relevant information, if you act on the basis of local knowledge you will lose at the systemic level, and if you act on the basis of systemic feedback alone, you will act against important local information. This is a particularly serious problem when relying on feedback from one order to act within another: no single rule can facilitate sustainable success. People must be sensitive to both kinds of feedback as well as the local knowledge they possess.

This problem is less severe when feedback is more a signal than a command and there are many who are reasonably able to act. But to the degree these two conditions decline, the order becomes disconnected from the concrete circumstances on which it relies, and coordination breaks down. Feedback then compels acting in defiance of local knowledge, subordinating it to pressures having little to no connection with those concrete realities.¹³ Here is another point where the issue of commodification becomes particularly relevant.

My own research is largely on ecological issues where investments often promote wiping out a species and turning to a substitute as more profitable

than keeping the population at sustainable levels. This is the history of market and politically based salmon fishing except when the ecosystem is given constitutional protection, as is the case in Alaska.¹⁴ It is also largely the history of industrial forestry, whether regulated by the market or by politics.¹⁵ Indeed, this issue raises its head in all examples where market or political feedback is the primary determinant of action in natural systems.¹⁶

5. Understanding Spontaneous Orders can Heal the Crisis of Liberalism

As an ideology, liberalism fractured during the late 19th through first half of the 20th centuries, separating into three broad and often antagonistic traditions: classical, egalitarian, and technocratic. Each emphasized a part of the liberal tradition ignored or slighted by the others. Nationalism also played a role in creating this split, but in this paper I am setting that issue aside.

Each division focused on an emergent order made possible by liberal principles: the market, science, and democracy. Because there was no general appreciation of emergent orders as liberalism's institutional consequence that unifies the language we can use to describe these institutions, these advocates lacked a common language to debate their relative strengths and weaknesses. As a result feuding liberal factions generally emphasized the strengths of their favorite against the weaknesses of the others. Not all liberals during this pivotal time fit clearly into one of these three categories. Henry George was an important nonconforming example. But many did, and many more do today.

The Progressive Movement arose in the midst of and exacerbated this ideological break-up. Progressivism included many liberal variants, which is why it cannot be encompassed within a simple ideological framework. The early Woodrow Wilson opposed government regulation of the economy, and wanted to break up large industrial concentrations in order to preserve a traditionally competitive market. His position contrasted sharply to Theodore Roosevelt's, who argued we had entered a time of big business and big labor, and that a powerful regulatory government was the way to handle these new challenges. Despite their opposing views, Wilson and Roosevelt are commonly considered Progressives.¹⁷ Particularly at the state level, Progressives such as Robert LaFollete and Hiram Johnson pushed for expansions of popular checks over strong parties and corrupt legislatures, bequeathing us the initiative, recall, referendum, home rule, open government, and political primaries, all disruptive to ideals of scientific administration.¹⁸

Liberals such as Herbert Spencer and William Graham Sumner considered free markets liberalism's defining institution, laying the foundation for what today we call "classical liberalism." Those emphasizing liberal democracy often evolved into what I term "egalitarian liberals." They sought

political equality beyond simply formal criteria as a means to establishing a just society. I would include here liberals such as John Dewey and Jane Addams. Others were enthused by the successes of modern science as a tool for enlightened control and administration to improve human well-being. They often urged stronger governmental regulation of industry. Walter Lippman and the younger Herbert Croly are early techno liberals.

From Liberalism to Illiberalism

Techno liberalism subordinates liberty and self-governance to the ideal of efficient scientific administration. Whether it be Gifford Pinchot's Forest Service, the New Deal's NRA, or the Great Society's Urban Renewal, citizens became resources to meeting or impediments to achieving organizational goals over which they had little influence beyond electing leaders, a logic leading to subordinating democracy to administration. The most extreme advocates of scientific administration largely left liberalism behind in favor of varieties of technocratic democratic nationalism. Herbert Croly after WWI and Rexford Tugwell would qualify, I think. *But the extremes of any of these variants ultimately leave liberalism behind.*

Egalitarian liberals often found themselves opposing any strong right of self-governance because most Americans did not support their ideal of concrete equality. Some also ultimately adopted positions where group "rights" trumped individual rights. When egalitarian principles were taken to their extreme, liberty and self-governance were subordinated to the ideal of imposed identity (diZerega 1988: 447-468).

When taken to an extreme, classical liberalism and libertarianism *also* subordinate liberty and self-government to values that can conflict with them. These are the values of the market order. Let me give some examples.

I have participated on a philanthropy listserve where many advocated evaluating philanthropy's effectiveness by purely financial criteria. Of course, were this true, the field of philanthropy would never have risen in the first place. While I would be among the first to say that price signals can help make philanthropy more effective, these people confused prices as signals with prices as commands.¹⁹

I have frequently encountered assertions that markets are nothing but means for facilitating free exchanges.²⁰ By staying at a very abstract level the market order's role as a system of power is hidden from the theorists themselves. Mark Sagoff (1990: 51) has demonstrated how consumer goods (in Sagoff's example, a ski resort) can be profitable even though *every person using them wishes they did not exist*. The key to the seeming paradox is that the market can so shape the context of choice that consumers reward those who acted against their values.

I have watched as one of the most vital upwellings of creative energy from civil society – the rise of thousands of community based environmental groups, has been attacked as “socialist” and worse by supposedly free market organizations even when they seek to create voluntary organizations, such as land trusts, and when the private businesses they oppose are often the recipient of legal privileges denied to others. For example, *only* logging companies can bid for heavily subsidized timber cuts. Environmental group bidding to protect the forest are prevented *by law* from winning. And the contracts put out to bid are written in such a way as to preclude any but *large* corporations from being able to “compete.” (Danks 2004) Huge subsidies are then provided. But classical liberals generally accuse environmentalists of being the advocates of big government and claim the corporate oligarchy as an example of economic freedom.²¹ George Orwell would sadly feel at home.

Worst of all has been the failure of many classical liberals to see the threat to *all* liberal institutions by the contemporary radical right and the political party it dominates. If democracies are states, and states respond to whomever is in control, it logically follows that classical liberals and their allies need to be in control. Otherwise the ‘enemy’ rules. And so, in cooperation with their anti-liberal allies, classical liberals supported centralizing power in the executive. Techno liberals are also guilty, but with a difference. For the most part their goals were popularly supported. They did not need to deliberately seal themselves off from popular accessibility, and turn a democracy into a state. But because they opposed popular programs, classical liberals and their allies also supported executive efforts to insulate themselves from popular pressures and even from Congress. The sad result was they aided efforts to turn the American political system into a traditional state: a hierarchy of power organized to implement commands from the top.

Why do they not see these problems? I think because classical liberals so often equate freedom only with what can be achieved by the market order alone. This results from their logically and factually inaccurate belief that markets are simply tools for facilitating voluntary exchange. That they do not see other kinds, and so find *any* criticisms of the market as somehow opposing “freedom.” Therefore values sought by environmentalists (or anyone else) are by definition “socialist” or some similarly inaccurate epithet. And so for reasons of theoretical myopia, classical liberals often become apologists for oligarchy, aristocracy, and exploitation.

Liberalism and Emergent Order

In defense of classical liberals, among liberal offshoots they alone retained a strong appreciation of emergent processes. They nurtured and developed these insights in important ways, contributing deeply to our

understanding of emergent phenomena and to why efforts at social planning and central control were doomed to fail. This was particularly true for Austrian economists inspired by Hayekian and Misesian insights. But they did so mostly with regard to the market order.

In the process they also narrowed the scope of liberal thought, confining it largely to the values most compatible to the market order. For example, Alexis Tocqueville's (1961: 379-382) warnings about the enervating effect of government paternalism are frequently cited. But for the most part his warnings about the rise of a new and ruthless industrial aristocracy are ignored (Ibid: 370-374). The contrast is striking.

By focusing only on the utility of a Hayekian analysis in combating schemes for central economic control, the full richness of this model was lost from sight. For example, early on both Hayek (1978a) and Michael Polanyi (1969) developed the argument that science was a spontaneous order. But there was no effort to my knowledge to develop a comparative study of spontaneous ordering processes inspired by this work, although physicist John Ziman took Polanyi's study of science much farther.²² So far I have never met a classical liberal who has even heard of Ziman.

This insight took still longer to be applied to democracy. Among egalitarian liberals John Dewey in *The Public and Its Problems* walked right up to the edge of the concept, but did not see it.²³ Bernard Crick (1964: 141-157) came even closer. Hayek (1972: 107-109) in *The Constitution of Liberty* came closer still. But I believe my own work first explicitly made this connection.²⁴

The other main liberal traditions sought to harmonize organizational thinking and standards with respect for the individual. The egalitarians' ideal of substantive equality was a concrete goal, blocking their appreciation of emergent processes. The technocrats' pursuit of scientific administration was an organizational technique that overrode emergent phenomena. Neither grasped how Hayek's discussion of collectivist "morality" undermined their approach to policy. Nor were they able to appreciate the importance of emergent processes to their favored institutions of democracy and science. They also failed to see how subordinating them to organizational standards leached the life from both.

Yet for their part, classical liberals remain captured by an image of democracies as instrumental organizations, and therefore a form of state. But democracies are not states and do not much resemble them except in wartime or other overwhelming emergencies when the tasks needing priority are not contested (diZerega 2001). And so none of the warring liberal communities could perceive the broader similarities that distinguished them from the anti-liberal 'allies' they welcomed on board when they battled one another.

The Hayek-inspired model I am presenting has the potential for reuniting liberal social theory around the intertwined concepts of emergent orders as institutional expressions of liberal values and instrumental organizations as the means people use to attain their goals within those orders. The principles that generate emergent social orders are intrinsically liberal ones: equality of status, voluntary cooperation, and the importance of persuasion and agreement. These values are honored, if often with different emphases, by all three fragmentary traditions.

By not privileging markets or defining them so problems other liberals see become theoretically invisible, this framework offers a “level playing field” for discussion and research. It ultimately focuses not on the market but on civil society, and the market place *within* civil society, as the primary center for freedom and individual autonomy. Such a framework does not in itself settle all issues between feuding liberal camps, but it gives them a common vocabulary as well as hopefully immunizing them from the anti-liberal forces who have preyed upon this division.

Notes

¹ On legal theory, see Hayek (1973). For social theory Hayek (1972) will always remain his major work. On civil society see Hayek (1979a). On science see Hayek (1978), pp. 179-190. On linguistics see Hayek (1978b: 38-9).

² The impact of such a process was so strong in Hayek’s judgment that he thought the rise of reason among our ancestors was due to it. Hayek (1973).

³ In geography, see Jacobs (1984, 1961, 1970). In anthropology, see Rappaport (1984), pp. 301-444, (1979). For the web, see Benkler, (2006) and Barabas (2003). For democracy see diZerega (2000).

⁴ The common libertarian error of treating the market as simply a facilitator of voluntary exchange arises from their conflating these first two levels. The error becomes clear once we perceive that there can be different kinds of emergent order within a given society.

⁵ On the scientific order as a gift economy, see Hyde (1983), pp. 77-83, Hagstrom (1965). On the world wide web, Benkler (2007).

⁶ I am particularly indebted to Bruce Magnusson for emphasizing this point, though he may not agree with what I have done with it. The more I contemplate this issue, the more important I think it becomes.

⁷ Most of this work to date focuses on the isomorphism between markets and ecologies, not even penetrating into what I have termed the first level of abstraction. See for example Pennington (2005), pp. 39-51, Anderson (2001), and Rothschild (1985). While very suggestive, and encouraging further research, they stop their analysis at such an abstract level their concrete analyses is often misleading.

⁸ This point is more complex when applied to individual entrepreneurs and creators, who often act from complex motives including strong personal ethics. Being designed to act as much as possible only in pursuit of money profit or other systemic values, corporations and other more impersonal organizations will more consistently resemble this model.

⁹ I explored this issue in my paper “Why Organizations Lie,” commissioned by the Foundation for Research on Economics and the Environment (<http://www.free-eco.org/>). It can be downloaded by going to http://www.dizerega.com/?page_id=150 and scrolling down to the paper by that title.

¹⁰ From opposite political perspectives, see Harris (1996), pp. 1-126, Chase (1995), pp. 203-214.

¹¹ This distinction rose from conversations I had years ago with Karl Hess, jr., who shares credit for it. I initially termed it the disjunction between the market place, where prices are signals, and the market order, where they are commands. I have been persuaded to abandon this terminology, but am still not satisfied with this alternative account. It will do for now.

¹² I would argue that science has done this to our concepts of knowledge and truth. Scientism is its most complete expression.

¹³ On local knowledge, see especially Scott (1998), pp. 309-41.

¹⁴ Among many excellent analyses, see Lichatowich (1999).

¹⁵ Among many excellent analyses, see Langston (1995) and Scott (1998), pp. 11-22. See also Best (2004), pp. 209-226.

¹⁶ See Eisenberg (1999), pp. 320-34.

¹⁷ As is agreed by Arthur Ekirch and Richard Hofstadter, who otherwise agree on little else. Ekirch (1967), Hofstadter (1955).

¹⁸ As some socialists clearly saw. See Laski (1933). See also Taylor (2004).

¹⁹ A wonderful discussion of this issue, and what is amiss with the financialization of philanthropy, can be read in Kidder (2004). I cannot recommend this book enough.

²⁰ See for example Buchanan (1992), pp. 181, Kirzner (1990), pp. 34. Why, we might ask, do workers call their contractual peers ‘bosses’? And why does the ratio of independent operators to bosses keep increasing? Contrast with Prychitko (2002), pp. 70-88.

²¹ There are a few exceptions. Very few. For one of the few see O’Toole (1988).

²² See in particular, Ziman (1968).

²³ Dewey (1954), pp. 185-216. Dewey’s technological view of science probably inhibited him from fully appreciating the implications of his observation.

²⁴ Along with diZerega (2000), see diZerega (1989, 1991, 1995, 2001).

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