
Guiding the Invisible Hand: Spontaneous Orders and the Problem of Character

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Abstract: It is surprising to some that the most consistent defenders of spontaneous commercial orders are also those who are the most aware of their potential drawbacks. Smith, the American Federalists (and Anti-Federalists) and Friedrich Hayek all support free government. Yet despite their supportive stance they all share clear concerns about the leveling effects of commercialism, the lowering of educational standards, the plight of the working poor, alienation from one's neighbors and community, and a loss of greatness or virtue in both nations and individuals. The argument that follows addresses two related, but ultimately separate problems in the works of Smith, the Anti-Federalists, and Hayek. The first deals with the fact that spontaneous orders require that the individuals who make up such an order have a particular kind of character in order for cooperation to occur in the first place. The second, and the focus of this paper, is that some spontaneous orders like commercial orders may actually undermine this character, at least in their early stages, destroying the very individual virtues on which they rely.

Keywords: Anti-Federalists; commercialism; Hayek; Smith; vice; virtue.

The man whose whole life is spent in performing a few simple operations . . . generally becomes as stupid and ignorant as it is possible for a human creature to become. - Adam Smith

It is surprising to some that the most consistent defenders of spontaneous commercial orders are also those who are the most aware of their potential drawbacks. Adam Smith, Montesquieu, the American Federalists (and Anti-Federalists) and Friedrich Hayek all supported the free association of individuals who, through the pursuit of their own interests, create a larger order that no one individual could have foreseen or created. Yet despite their supportive stance they all share clear concerns about the leveling effects of commercialism, the lowering of educational standards, the plight of the working poor, alienation from one's neighbors and community, and a loss of greatness or virtue in both nations and individuals (Rasmussen and Den Uyl, 1991).

These criticisms are striking because they are precisely the criticisms leveled against capitalism and free market cooperation by Marxists and other central planners. That these concerns about the outcomes of voluntary interactions of individuals in a market order are shared by both supporters and detractors indicates that spontaneous political and social orders such as capitalism and commercialism and the free governments on which they rest may require more justification than classical liberal scholars traditionally thought. More importantly, these drawbacks—of commercialism in particular—raise the central question of whether there exist ways to mitigate these drawbacks that are themselves compatible with the logic of spontaneous orders.

This paper addresses two related, but ultimately separate, problems. The first deals with the fact that spontaneous orders require that the individuals who make up such an order have a particular kind of character in order for cooperation to occur in the first place. The second, and the

focus of this paper, is that some spontaneous orders, such as commercial orders, for example, may actually undermine this character, at least in their early stages. This leads to the paradoxical conclusion that spontaneous commercial orders may erode the very individual virtues on which they rely. In what follows I explore the problem of civic virtue through the works of the pro-capitalism thinker Adam Smith, the anti-industrialization Anti-Federalists, and the more modern position of Hayek. These three views all have somewhat different emphases and solutions to the problem of how to maintain civic virtue in a free society, and these different emphases underline how complex and difficult the problem is. The paper ends with a discussion of how the orders of *cosmos* and *taxis* might actually overlap.

THE DRAWBACKS OF SPONTANEITY

The major criticisms of commercial spontaneous orders all revolve around the problem of virtue or of civic character. It was traditionally thought that—because man’s nature is naturally flawed—virtue must be taught and men guided in their education, usually by a wise leader or statesman. This ancient view, made most famously by Plato in his discussion of the philosopher-kings of *The Republic*, required an active government that molded citizens toward a specific ideal, in this case, one of justice. Aristotle too focuses his political theory on virtue, though he is sharply critical of Plato’s apparently single-minded devotion to a particular kind of justice. Aristotle’s ideal city in Book 7 of *Politics* (Lord, 1984) lays out a city devoted to virtue and describes in detail how such a city should be organized. The best regime, according to Aristotle, is organized around a particular principle and the various parts cooperate to bring that principle into existence. A true “founded” regime directs all its activities toward a particular end, with that end traditionally being a particular kind of virtue, whether military, philosophic, or otherwise. Hayek’s term, “*taxis*,” referring to a directed order, covers regimes of this type.

It is no surprise that the guided orders of the ancients were suspicious of commerce generally. Plato, resigned to the existence of commercial activity, insulates his philosopher kings from the degrading effects of commerce (Bloom, 1968). Aristotle too recognizes the importance of commerce for the functioning of a city, but also admits that it corrupts virtues. He too removes commerce and trade from direct rule in the city. In both cases, the founded orders (or “*taxes*,” as Hayek would call them) were based on virtues and were separated from the effects of the more spontaneous com-

mercial world. In this case we see a strict separation between the *taxis* of government and the *cosmos* or spontaneous order of the agora or marketplace.¹ As other thinkers have pointed out, this separation is ultimately not sustainable, but it is instructive that both Plato and Aristotle felt it necessary to insulate the political order based on virtue from the market order based on spontaneous cooperation rooted in self-interest (Calkins and Werhane, 1998).

In contrast to these regimes founded on virtue, the modern approach to politics in the classical liberal tradition emerges in the 18th century. Burke’s spontaneous or “grown” regimes (or *cosmos*) are those that grow up over many years and which find their roots in a gradually evolved system of laws that emerges from the habits, manners, and mores of the people, rather than from a discrete law-giver. Burke’s example of the intergenerational compact expressed by British common law is one famous example (Burke, [1790] 1999). For Burke, there is no one “founding” moment of consent or law-giving in a regime. Instead, consent unfurls from the character of the people themselves as they live their lives, use their property, and slowly create an inherited system of rights and freedoms that they pass on to their offspring, often through inheritance of property. Grown regimes have no particular end or purpose other than the particular pursuits of their inhabitants over generations.

In the Burkean order, commerce intertwines naturally with the growth of property rights and the other hallmarks of free government. Despite Burke’s support of commerce both at home and abroad, undoubtedly one of the main benefits of the British constitution for Burke is the existence of a class of people who need not toil or engage in commercial activity. The existence of an aristocracy and a monarchy preserved the virtue of the nation by example, thus insulating the system against the effects of commercialism. Burke’s criticism of the French, for example, is that they rejected their inherited system of chivalry and instead founded a regime based on pure self-interest and abstract rights. While Burke does not explicitly link this rejection to commerce, the traditional commercial virtues of self-interest must, in his view, be moderated and softened by respect and admiration for superiors and the affection for inherited manners and mores to guide social interaction.¹ The superiority of the aristocracy, even if it is primarily a “noble illusion,” serves to remind the common people of something higher than themselves and this ancient chivalry forms the foundation for civic virtue or obedience without coercion.

Burke’s ideal grown regime in some ways provides a middle ground between the ancient absolute separation of

commerce from governments based on virtue and the contemporary development of republics founded on commercialism. Britain still relied for its virtue, according to Burke, upon a leisure class that is not called upon to engage directly in productive labor or trade. At the same time, Burke advocates largely unregulated commerce that creates wealth and opportunity for the masses (*ibid.*). Both systems evolve together and the ancient laws of chivalry intertwine with the commercial character of the people to produce something uniquely British. Burke believes that England owes her successes primarily to the character of the people handed down over generations through manners, mores, and property. The commercial character of the British is softened and moderated by an inherited system of manners and mores indissolubly linked to the leisured class. Once lost, such a character cannot be recovered (*ibid.*). Perhaps not surprisingly then, Burke argues that the focus should be on preserving that character in the British people while mourning its loss in the French.

INSTITUTIONS AND CHARACTER

The emphasis in both Plato and Burke on counteracting commercial tendencies through the virtue promoted by a leisure class reflects the belief that all regimes, grown or founded, rest on a foundation of the character of the people themselves. Generally speaking, all regimes require two components. First, the conditions must be right for interaction and cooperation. This might be called the “institutional” component. Without communication, for example, cooperation will be impossible or stunted. Without roads, travel and the interaction it makes possible will be difficult. Without law enforcement, property will be less secure. Institutionalists in economics and politics focus on the conditions that allow for voluntary cooperation such as infrastructure, rule of law, property rights, and so forth. They also focus on providing the right incentives for cooperation and avoiding institutions that may inadvertently disincentivize cooperation.

The second component, often the focus of political theorists and philosophers, involves the characteristics of the actual individuals who will be interacting. While the conditions must be right, the relevant materials must have a particular set of characteristics that allow them to interact in a particular way. In nature, crystalline structures require molecules with a peculiar character as well as the conditions of temperature and pressure that allow crystals to form. Magnetic orders in nature too require that the par-

ticles in question attract or repel each other in predictable ways (Hayek, 1973). When it comes to human interactions, the characteristics that make voluntary cooperation possible are referred to as civic virtue (or social capital, depending on who you are talking to).

What this virtue entails will depend in large part on the type of regime being fostered. In the case of theocratic regimes, religious piety is central. In the case of militaristic regimes, valor and self-sacrifice are key. Since the focus of this paper is primarily liberal regimes based on individual liberty, what follows discusses the kinds of virtues required by liberal regimes. These virtues run the gamut from respect for general rules, to the tendency to think long-term, to a cheerful disposition (Hayek, 1973). Such civic virtues are not the high-level intellectual and moral virtues aimed at by the ancients. They involve such basic requirements as a disposition to cooperate with others² and a tendency to respect general rules, even when such rules may not immediately serve one’s self interest.³ A general interest in fairness or justice is another important consideration, though an interest in justice can be manipulated to support end-specific commands and thus must be carefully characterized. Finally, the ideal free citizen would have enough intelligence and education to understand both how his actions affect others and why free government is defensible in the first place.⁴ While these are “low but solid” foundations on which to build a self-governing society, these virtues are not automatic and the recent history of nation-building in places like Afghanistan and Iraq demonstrates how difficult installing institutions in other cultures truly is.

Despite the benefits of spontaneous commercial societies including efficiency, stability, and emphasis on individual freedom, liberal regimes face a problem that non-liberal regimes do not. Precisely because they rely on the spontaneous order created by voluntarily cooperating individuals, rulers cannot necessarily intervene directly in the order to produce the kinds of citizens they believe are useful.⁵ Regimes founded on religious piety or military valor are somewhat more insulated from the problem of character precisely because the rulers have some control over the religious and secular education of the citizenry. They also hold the power of imprisonment or banishment in the case of individuals who do not follow collective rules. A liberal society lacks these tools by its very nature.

Furthermore, if a regime is not devoted to a particular end, the interactions of voluntarily cooperating citizens will, by definition, create orders that no one could have foreseen and which are not always desirable for the larger order.

Spontaneous commercial orders, while amoral and purposeless in themselves, nevertheless rely on a moral substrate to make cooperation possible. The question then becomes this: do commercial orders spontaneously create the kinds of civic virtue on which they rely? And if they do not, is there a way to create such virtue that does not violate the principles of voluntary cooperation and individual freedom?

Proponents of commercial societies and their opponents have struggled with this question, ultimately concluding that commercial orders undermine the virtues that constitute their foundation. Some thinkers use this conclusion to reject commercialism out of hand. Proponents of commercial orders must come up with a way to preserve the character of the citizens while remaining true to liberal principles. The rest of this paper explores how a few central thinkers have characterized this problem and what solutions they offer, if any.

SMITH AND THE EDUCATION OF THE POOR

Adam Smith describes in one rarely cited section of *The Wealth of Nations* the plight of the poor in commercial and civilized societies (Smith, [1776] 1981, p. 782): “The man whose whole life is spent in performing a few simple operations ... generally becomes as stupid and ignorant as it is possible for a human creature to become.” The father of the “invisible hand” and a proponent of free governments was acutely aware of the potential drawbacks of spontaneous orders of trade and commercial societies. As societies become more civilized, trade and commerce encourage specialization, which in turn corrupts men’s minds and bodies, making them unsuitable for a free society.

There is no single way in which commerce undermines the character of citizens, because the culprits are varied and the causes are often indirect. Smith (1759) argues in the *Theory of Moral Sentiments* that wealth corrupts the moral sentiments, making the impartial spectator more sympathetic to the rich than to the poor. This criticism, of course, applies in any stratified society, and one could argue that the increase of a middle class fostered by capitalism would actually lessen this corrupting tendency. More seriously, he believes education suffers in commercial societies. The pressure to put children to use as wage earners from an early age requires that children be taken out of school (*ibid.*). At the same time, the authority of parents decreases as children rely less on parents for survival, which in turn decreases the efficacy of the transmission of the manners and mores that are

passed down primarily through education in the home and solidified by the respect for parental authority.

Commerce results in the weakening of the family in other ways as well. The increased mobility made possible and in some cases necessitated by family life separates kin and reduces the network of kin ties on which people rely. In part due to increased mobility and separation from community and kin, but also due to the proliferation of diverse views and opinions, the force of religion is weakened by commercial societies. The weakening of all these institutions further weakens those traditions and customs that created the character of a freedom-loving people in the first place.⁶

Smith’s most explicit concerns revolve around the corrupting effects of the division of labor. In the *Wealth of Nations* and the *Lectures on Jurisprudence* (Smith, 1976) he argues that free trade and commerce naturally lead to specialization, which, in turn, leads to the division of labor, which, in turn, increases the overall well-being of the poor at the same time that it destroys their ability to think rationally about their lives. The spontaneous order he outlines develops from the natural urge to trade and barter and is fostered by general rules that promote free trade and would thus seem to be the ideal of spontaneous order developing out of natural human desires.

The result, however, is that the mass of the people become particularly unfit to rule themselves politically or even to guide their own lives. The obvious result of a mass of “ignorant and stupid” poor people is a tendency toward more government intervention, but this time such intervention is aimed at a particular goal: feeding, clothing, and educating the poor. In this case, at least, *cosmos* seems to lead inexorably to *taxis* as people seek direct (and often government-driven) solutions to the problem of poverty.

Perhaps surprisingly, Smith’s ([1776] 1981) solution to the problem is at least partly governmental.⁷ In particular, he becomes an advocate for the public education of the poor as a way to undo some of the stultifying effects of mindless labor. Smith (*ibid.*, p. 785, emphasis added) argues in the *Wealth of Nations* that “[f]or a very small expence the publick can facilitate, can encourage, and *can even impose* upon almost the whole body of the people, the necessity of acquiring these most essential parts of education,” including the ability to “read, write, and account.” While this education can be supported in whole or in part by the public (Smith supports the partial public support of such education), the imposition of this education on the poor is perhaps the most controversial part of Smith’s argument.

While education might seem a commonsensical way out of the difficulty, it is not clear whether compulsory education or education funded through compulsory taxation is compatible with an order that relies on the voluntary interactions between cooperating individuals. Smith's view certainly undermines the simplistic idea that spontaneous orders are wholly spontaneous, that they need no other kind of organization than that of voluntarily cooperating individuals pursuing their own self-interests. Smith was not the only proponent of free government, however, who was seriously concerned with the problem of citizen character and not the only thinker who proposes educational reforms as a possible solution.

THE ANTI-FEDERALISTS AND AGRARIAN VIRTUE

The American political order is perhaps the best example of the blending of *cosmos* and *taxis* and the importance of paying close attention to both the conditions that allow spontaneous cooperation and the character of the individuals themselves. Part of what makes the American example helpful is that the debates over the American constitution were robust and public, with published records from both sides. Moreover, the debate over the Constitution can be distilled into two sides who, roughly, represent institutionalists on the one hand and those concerned about citizen virtue on the other.

The group that became known as the Federalists—those in favor of the Constitution and the complex set of institutional controls it represents—believed strongly that, human nature being what it was, constitutions should serve to create the conditions for cooperation through a series of complex institutions, from property rights to federalism to separation of powers (Cooke, 1961). The Anti-Federalists on the other hand were skeptical about the ability of institutions to control human nature if the citizenry did not understand what free government was for or how it worked. They favored small transparent governments linked to the affections of the people (Storing and Dry, 1981).

In short, the Federalists were concerned with creating the conditions for voluntary cooperation while the Anti-Federalists were concerned with creating citizens with the specific character that supports voluntary cooperation. In both cases, the goal was limited government, or a kind of spontaneous order. Where the two differed was in their emphasis on either institutions or virtue. The Federalist's institutions are sufficiently familiar to anyone who has studied

American politics. Separation of powers, checks and balances, a bicameral legislature, the division of power between state and national governments known as federalism, and an independent judiciary were the main institutions that would secure freedom not directly, but indirectly by fracturing power (Cooke, 1961). Each branch of government would control the others jealously and ambition would be made to counter ambition.

The Anti-Federalists felt that this level of complexity would serve only to confuse and alienate the people themselves. They believed the safest way to secure liberty was directly, by relying on citizens to jealously defend their rights against government oppression. In that case, government must remain small and simple so that citizens could easily track down abuses. More importantly, the citizens themselves must have a specific character that promotes liberal civic virtue. They must live simple lifestyles. The Anti-Federalists were particularly suspicious not just of complex institutions, but also of the commercialism that was being pushed alongside this new "science of politics." At the same time that complex institutions bewildered the people and made it impossible for them to control their government, commercialism destroyed the close associations of family and community that protected and nurtured civic virtue.⁸

The new constitution was thus a two-headed monster that would make the size of government impossible to control and the people themselves unable and unwilling to control it. It is no accident that the Anti-Federalists saw precisely the same effects of commerce on individual character that Smith lays out in the *Wealth of Nations*. According to this older view, commerce corrupts civic virtue, making self-government difficult or impossible.⁹ The Anti-Federalists and those like Jefferson who voiced similar concerns believed true self-government is found in agrarian societies where people are naturally equal to one another and where the daily rigors of life produce an honest people devoid of intrigue.

Other than simplicity and love of freedom, the Anti-Federalists believed homogeneity, rather than pluralism, to be the key to free government. Unlike the Federalists who saw freedom emerge from a cacophony of voices, where faction is split into a multitude of interests each incapable on its own of exerting power, the Anti-Federalists believed government should resemble the governed. Commerce rooted in industrialization challenges this homogeneity and moves people away from the land, close-knit communities, and families. In sum, commerce separates individuals from the

customary sources of virtue, which are tradition and hard work.

The Anti-Federalists were not so simple as to think that the world would remain agrarian and homogenous forever. They did, however, feel strongly that there are ways of mediating the effects of commerce and big government on citizen character. Not surprisingly, most of their proposals center on how to educate an active citizenry, even after adulthood. Some proposed the creation of “seminaries of useful learning” where citizens would learn useful trades (Storing and Dry, 1981, p. 21). Virtue was rooted in honest labor, and thus education should fit citizens for that labor, rather than teaching high-minded and abstract subjects.

Education continues outside of such schools, however, and is inextricably entwined with self-rule. The Anti-Federalists believed local and state governments to be the key to promoting civic virtue precisely because such small republics require their citizens to actively engage in decision-making on an almost daily basis. Citizens would never get the chance to lose their public-spirited virtue, since they are called upon to practice it daily.

As much as the Anti-Federalists were suspicious of national power, when the ratification of the Constitution appeared to be imminent, they fought to preserve the power of the local governments within the union and to enshrine within the Constitution the concerns with civic virtue that they felt were so overlooked. The Bill of Rights in particular was seen primarily as a way of reminding the citizens of their rights, not necessarily of keeping the government in line (*ibid.*, p. 21). The Bill of Rights would serve, not as a reminder to government, but as a reminder to the people that they had rights prior to the existence of government and that such rights require an educated and passionate citizenry for their protection.

The Anti-Federalists were not simple-minded idealists. In fact, they were prudent practitioners whose ideas about citizen character formed the foundation for their views on how government and the broader social arena should be structured. It is almost impossible to teach virtue once it is lost, they believed. Thus, social conditions, the way of life of the people, and the size and closeness of government should be constructed in such a way as to make virtue an intimate part of the citizens’ lives, rather than an afterthought. In other words, civic virtue will emerge spontaneously from people who live honestly, labor hard, and live close to each other and to the land in communities centered on faith and family, and who participate actively in the decision-making of their communities. Top-down intervention is required only after

such conditions have been destroyed, and by that time, the cause of free government itself has been lost.

The Anti-Federalist position was heavily influenced by Montesquieu’s work on republican virtue. Often seen as a major promoter of commercial societies, Montesquieu nevertheless believed that commerce may interfere with certain kinds of societies, in particular republics based on virtue. Each type of regime has its own particular motivating principle. In monarchies it is honor, in republics it is virtue, and in despotism it is fear (Montesquieu, [1750] 2010). Commerce softens all these principles and paves the way for individual liberty. This softening is positive if the end goal is a generally tolerant society, but Montesquieu admits at the same time that “commerce corrupts pure mores.”¹⁰ Commerce has an “averaging” effect. It makes the mores in despotic and monarchic regimes softer and less dangerous, but it also degrades the strict citizen virtues at the heart of republicanism.¹¹ The Anti-Federalists, concerned as they were with small republics based on hard work and agrarian virtue, believed that commercial activity, particularly industrial activity, would destroy the virtue on which self-government rests.

HAYEK AND CLASSICAL LIBERAL VIRTUE

Hayek, the great proponent of spontaneous orders, is for many reasons circumspect about discussing what the classics called “citizen virtue.” Part of Hayek’s reticence stems from the fact that traditionally, inculcating such virtue was considered a legitimate goal of state power, which Hayek found profoundly disturbing.¹² Yet at the same time he was very concerned about the kinds of virtues, intellectual and otherwise, that make spontaneous orders possible. Hayek (1944, p. 163) lays out what he calls “individualist virtues” such as “tolerance and respect for other individuals,” “independence of mind and that uprightness of character and readiness to defend ones own convictions,” “consideration for the weak and infirm,” and “that healthy contempt and dislike of power which only an old tradition of personal liberty creates.” He also cites some of the major virtues touted by earlier classical liberals, such as Burke’s “moral chains upon [men’s] appetites” and Tocqueville’s and Madison’s insistence on the moral foundations for free communities (*ibid.*, p. 435, n. 36). While in the *Road to Serfdom* Hayek claims that the commercial way of life produces these virtues, in other places he is less sanguine about these virtues automatically emerging from voluntary commercial cooperation.

The ideal way to produce such virtues, according to Hayek, is never to lose them in the first place. Countries with

traditions rooted in voluntary cooperation and individual liberty rely on citizens passing those traditions on through intergenerational institutions such as the family and common law. When tradition fails, other kinds of means may be required to mitigate the effects of cultural decay. Once these traditions have been lost, however, Hayek seems unsure of whether civic virtue in spontaneous orders can truly be regained:

The institutions by which the countries of the Western world have attempted to protect individual freedom against progressive encroachment by government have always proved inadequate when transferred to countries where suitable traditions did not prevail. And they have not provided sufficient protection against the effects of new desires which even among the peoples of the West now often loom larger than older conceptions—conceptions that made possible the periods of freedom when these peoples gained their present position (Hayek, 1973, p. 55).

The foundation for these “new” desires may be the very concerns Adam Smith raised 200 years earlier about the effects of industrialization and division of labor on the human mind. If Smith was right, modern market-based spontaneous orders may contain within themselves the seeds of their own corruption (at best) or perhaps destruction (at worst).

Like Smith and the Anti-Federalists, Hayek argues for some type of public education to help create the moral substrate on which true spontaneous orders depend. Hayek lays out the basic argument for “compulsory education,” pointing out that:

[i]t is important to recognize that general education is not solely, and perhaps not even mainly, a matter of communicating knowledge. There is a need for certain common standards of values, and, though too great an emphasis on this need may lead to very illiberal consequences, peaceful common existence would be clearly impossible without any such standards (Hayek, 1960, p. 377).

Hayek attempts to solve this delicate balance between state-run educational propaganda and the basic education in values that promote cooperation by recognizing that while requiring a certain minimum baseline of education may be necessary in order to create the preconditions for order there is no reason such education must be run by the gov-

ernment (*ibid.*, p. 380). Charter schools, private charitable schools, and other non-governmental options would all be ways of securing a baseline of education, even with some of the funds for this education coming from public coffers. Thus, public education of a sort is made compatible with the freedom of a spontaneous order because, while the public may pay for education for the poorest of citizens, those citizens are free to choose the desired kind of education and its source on their own. Public education in this sense provides a framework for activity rather than commanding a particular type of activity.

In addition to the importance of education, Hayek takes a Burkean turn in his discussion of how liberal virtues can be preserved. He believes elites play a central role in passing on values, even serving as the protectors of civic traditions. Hayek argues that elites provide a guidepost in their support for a variety of public goods that would be difficult to support through simple majoritarian means, namely “cultural amenities, in the fine arts, in education and research, in the preservation of natural beauty and historic treasures, and, above all, in the propagation of new ideas in politics, morals, and religion” (*ibid.*, p. 125).

Elites do not serve as role models necessarily by choice, but by pursuing their own interests and having the wealth to do so, elites serve as a connection to higher kinds of pursuits. This argument is not unconnected to Aristotle’s argument in the *Politics* on the importance of idleness for true virtue. And it is important, especially on Hayek’s grounds, that elites not be expected to *always* support virtuous endeavors or character-building, lest such an expectation become the rationale for increased governmental intervention in property or redistribution of wealth.

Avoiding such redistributionist passions is easier said than done, however. A reliance on elites as the protectors of civic virtue requires that lawmakers not get caught up in democratic passions for redistribution of wealth. This in turn requires a legal and political system with stringent limits on democracy and an economic system that supports a large and flourishing middle class that serves as a buffer between the rich and the poor. Such a system will be difficult to come by and may be difficult to preserve. Publius argues in Federalist 10 that certain institutional and social structures will be necessary (but perhaps not sufficient) to preserve these limitations on the factions implied by private property and wealth. But these structures, including the multiplicity of interests supported by an extended republic, themselves undermine the moral conformity that may be required for

free government, as the Anti-Federalists feared (Cooke, 1961).

More problematic is the fact that Hayek does not believe that the elites themselves can resist the destruction of civic virtue entirely, in large part because elite values and traditions are susceptible to the same eroding effects of egalitarian and *taxis*-based thought as are the values and traditions of the masses. Hayek bemoans the loss of the “gentleman-scholar” in the United States, arguing that this loss has “produced a situation in which the propertied class, now almost exclusively a business group, lacks intellectual leadership and even a coherent and defensible philosophy of life” (Hayek, 1960, pp. 127-30). Elite leadership requires an elite class that is willing and capable of leading. The more leisure is despised and the more property is redistributed, the fewer individuals there will be who are willing and able to set a moral tone for the rest.

Like Burke, Hayek also believes religion has played a central role in the passing down of the liberal values that support civic virtue. The scientism that condones government planning is the same scientism that rejects religious belief as mystical and obsolete.¹³ It is not accidental that both Burke and Hayek refer to the utility of religion in passing on the mores and values that make up civic virtue, while acknowledging that the religious maxims themselves may be rooted in false or unprovable claims. Burke calls these beliefs “pleasing illusions” and Hayek refers to them as “symbolic truths,” but in both cases, the civic virtue on which human cooperation relies may rest at least in part on beliefs that are simply not rationally defensible in any way. This in itself creates a problem as public policy becomes more rationalistic and traditional ways of life become less influential.

If the foundations of liberal mores rely in part on the “noble lies” of religion, there may be no way to recover such traditional beliefs once they are gone.¹⁴ Just as in the case of elites, once religious belief is gone, the foundations for liberal manners and mores disappear too. Thus elites and religion together are but a way to preserve such virtue and not a way to create it once it is gone.

THE BLURRING OF COSMOS AND TAXIS

The consensus then of all three sets of thinkers is that while the spontaneous commercial order relies on the voluntary cooperation of individuals, there exists a moral substrate that may not itself be spontaneous, and on which everything else relies. The problem of civic virtue then indicates that the apparent distinction between grown and founded regimes is

not in fact as clear as some discussions of these texts have made it appear. Aristotle’s *Politics*, for example, far from laying out a concrete discussion of the founded regime, actually supports the idea that most regimes are a blending of both grown and founded institutions. Even the greatest historical lawgivers, such as Lycurgus and Solon, based their laws on the way of life of the people themselves. Thus, what appeared to be a “founding” was, in reality, merely a prudential tweaking of the laws and traditions that already existed.¹⁵

Both founded and spontaneous orders require a bit of their counterpart to be successful in the long term. Founded regimes require a foundation on *cosmos* or common law in order to be successful, because such regimes require the obedience of the people who, in turn, find it easier (and therefore require less coercion) to follow laws that resemble their own way of life. Grown regimes, on the other hand, require that the people have a particular character that, if not in existence, may have to be imposed in various more or less effective ways.

The usual assumption of libertarians and the more stringent classical liberals is that any top-down interference in markets is likely to create unintended side effects that may harm the overall order. But the above discussion suggests that some kinds of interventions, such as vouchers for public education, for example, may be salutary or even necessary for the continued functioning of the order itself. Other indirect ways of guiding the character of the people may be necessary for the proper functioning of the order. These might include a general support for family life, the careful construction of institutions that reinforce and reward such character, and a carefully constructed education policy.

Non-governmental influences like those of public intellectuals and the media can keep the problem of character in the public eye (though whether they will do so without popular or government support is debatable). In this way, elites, public intellectuals, and media personalities might play the role of something like the immune system in the human body—an internal and consistent way to attack cultural decay from within, *before* government intervention becomes necessary.

Another potential partial solution to the problem is that economic progress itself could serve to mitigate the effects of the division of labor, for example making the mechanization of the most rote and meaningless jobs possible. As technological progress advances, the number of people engaging in daily rote activities would presumably drop. The resulting move to an information-based economy would then make the workplace more social and at least somewhat more ful-

filling. Whether this sociality is enough to preserve the basic civic character on which spontaneous social and political orders rests is still a somewhat open question. Work on social capital gives mixed reviews and hopeful statistics outlining recent drops in violent crime in the United States, for example, are contrasted against long-term trends that show rising crime rates paired with increasing alienation and decreasing rates of political participation in almost all industrialized nations (Fukuyama, 1999, p. 32).

SPONTANEOUS ORDERS, HUMAN NATURE, AND HUMILITY

Ultimately, the primary lesson that the study of social and political spontaneous orders may teach is a lesson in humility. Spontaneous orders—far from being a utopian answer to the problem of organization—require the right ingredients at the right time framed by the right set of general rules. They are superior to most other means of creating order because they are usually more efficient than command orders, particularly in large-scale societies. They are more efficient both because they solve the epistemological problem and because they help secure individual liberty and voluntary association (Hayek, 1945).

Just as Hayek advises that spontaneous orders are one way to solve the limitations of our imperfect nature, it is just as important to remember that spontaneous orders themselves will be imperfect because they are the results of that nature. They will not result in perfection, either of freedom or of justice (Hayek, 1973, p. 33).¹⁶ The questions of when intervention is required in spontaneous orders and what kind of intervention is legitimate remain, so far, unanswered and may demonstrate a continued need for prudent statesmen as well as carefully constructed institutions.

In the end, scholars of spontaneous orders would do well to pay closer attention to the character-creating orders that undergird the spontaneous orders of free markets and liberal societies.¹⁷ Families, religious institutions, neighborhoods, schools, and elite behavior all play an important role in the success or failure of macro-level orders. Without further study of these foundational institutions, our understanding of how and why spontaneous orders succeed or fail will be incomplete. And, of course, all of these character-building institutions are but partial answers to what may end up being an intractable problem.

There are religions that support freedom and religions that oppress people; families that support responsible and free citizens and families that are abusive and corrupting.

The best we may hope for is to create the laws that support free associations and hope that the political and legal institutions endure long enough to move the population back after a period of corruption. Increasing government involvement in everything from birth to education to the economy to health care indicates that we may be losing the character that makes free association and the spontaneous orders created by such association possible.

NOTES

- 1 “This mixed system of opinion and sentiment had its origin in the antient chivalry; and the principle, though varied in its appearance by the varying state of human affairs, subsisted and influenced through a long succession of generations, even to the time we live in. If it should ever be totally extinguished, the loss I fear will be great” (Burke, [1790] 1999, p. 170). “On the scheme of this barbarous philosophy, which is the offspring of cold hearts and muddy understandings, and which is as void of solid wisdom as it is destitute of all taste and elegance, laws are to be supported only by their own terrors, and by the concern which each individual may find in them from his own private speculations, or can spare to them from his own private interests. ... Nothing is left which engages the affections on the part of the commonwealth” (*ibid.*, p. 171).
- 2 A purely individualistic or asocial person does not contribute in any meaningful way to the broader social order. Sociality and cooperation take many forms. While the writing of books, for example, might be an isolated (and isolating) endeavor, it can nevertheless circulate ideas that contribute in some way to the overall order. This particular tendency is mostly innate in humans in that we are both naturally social and have natural moral sentiments that incline us to care about others. Though these sentiments can be perverted in many ways, they are a useful foundation on which to build.
- 3 Respect for the rule of law is perhaps the foundation of all spontaneous orders, and statesmen from Burke to Madison to Lincoln have all expressed concern that even justified law-breaking may lead one down a slippery slope. In a similar vein, Hayek argues that “[f]or the resulting order to be beneficial people must also observe some conventional rules, that is, rules which do not simply follow from their desires and their insight into relations of cause and effect, but which are norma-

- tive and tell them what they ought to or ought not to do” (Hayek, 1973, p. 45).
- 4 This education need not be extensive. Jefferson argued in a letter to Madison that the Bill of Rights would serve to remind citizens of their rights and how to defend them.
 - 5 Part of the argument against such intervention is precisely that it is likely to have unintended consequences. Thus even if rulers could intervene to try to mold civic virtue, their likelihood of succeeding is low.
 - 6 Of course, not all tight-knit religious agrarian communities are free. In fact, it takes something else to make such communities free rather than being, for example, despotic in their own way. That something is the virtue of independence that is cultivated separately and which, as Hayek points out, is the result only of a long and complex history of cultural evolution. This argument alone is enough to cause one to wonder about the likelihood of getting back such a character once it is lost.
 - 7 Smith continues: “But in every improved and civilized society this is the state into which the labouring poor, that is, the great body of the people, must necessarily fall, unless government takes some pains to prevent it.”
 - 8 The Anti-Federalists did not, of course, object to agrarian-based commerce. It was when commerce centered in and moved people to urban areas that it destroyed the character of individuals rooted in family and community.
 - 9 Storing and Dry (1981, p. 21) argue that the Anti-Federalists saw commerce as “the vehicle of distinctions in wealth, of foreign influence, and of the decline of morals.”
 - 10 “Commerce cures destructive prejudices, and it is an almost general rule that everywhere there are gentle mores, there is commerce and that everywhere there is commerce, there are gentle mores. ... One can say that the laws of commerce perfect mores for the same reason that these same laws ruin mores. Commerce corrupts pure mores, and this was the subject of Plato’s complaints; it polishes and softens barbarous mores, as we see every day” (Montesquieu, [1750] 2010, p. 338).
 - 11 Commerce leads to peace between nations, “but, if the spirit of commerce unites nations, it does not unite individuals in the same way. We see that in countries where one is affected only by the spirit of commerce, there is traffic in all human activities and all moral virtues; the smallest things, those required by humanity, are done or given for money” (Montesquieu, [1750] 2010, p. 338-39). Montesquieu himself discusses both institutions and civic virtue at length, believing as he does that both are necessary for a legitimately moderate state that protects people’s rights.
 - 12 Hayek’s discussion of the importance of being able to break certain moral guidelines is characteristic of his concerns with imposed moral order.
 - 13 “This means that, like it or not, we owe the persistence of certain practices, and the civilisation that resulted from them, in part to support from beliefs which are not true – or verifiable or testable – in the same sense as are scientific statements, and which are certainly not the result of rational argumentation” (Hayek, 1988, p. 137). This is part and parcel of Hayek’s overall argument that disrupting the foundations of a grown order will likely lead to dangerous disruptions because we cannot fully understand what the effects of our actions will be. Thus, rejecting religious belief in the name of rationalism has the potential to undermine the virtues that allowed a liberal order to flourish in the first place.
 - 14 See Hayek (1988, p. 137) for his discussion of “symbolic truths” and Burke ([1790] 1999, p. 170). In this context Burke is specifically referring to chivalry, but he makes the same argument elsewhere regarding religion.
 - 15 Aristotle, for example, says of Solon’s supposed legal inventions that “[i]t would seem, though, that Solon found these things existing previously – the council and election to offices – and did not dismantle them, but established [rule of] the people by making the courts open to all” (Lord, 1984, l. 1247a1–3).
 - 16 Hayek explicitly cautions against utopian beliefs from either standpoint: “Although we must endeavour to make society good in the sense that we shall like to live in it, we cannot make it good in the sense that it will behave morally” (Hayek, 1973, p. 33).
 - 17 As Hayek (1960, p. 62) notes, “[c]oercion, then, may sometimes be avoidable only because a high degree of voluntary conformity exists, which means that voluntary conformity may be a condition of a beneficial working of freedom. It is indeed a truth, which all the great apostles of freedom outside the rationalistic school have never tired of emphasizing, that freedom has never worked without deeply ingrained moral beliefs and that coercion can be reduced to a minimum only where individuals can be expected as a rule to conform voluntarily to certain principles.”

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