Herbert Spencer and Friedrich von Hayek: Two Parallel Theories

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Bio-sketch: Enzo Di Nuoscio is full professor of Philosophy of Science at the University of Molise. He is Director of the Department of Humanities at the university and teaches methodology of social sciences at Luiss University of Rome. He is the author of several books and articles on methodological individualism, theory of rationality, social evolutionism, methodology of historiography, hermeneutics, critical rationalism, transcultural dialogue and the Austrian school of economics. His most recent books are Ermenentica ed Economia (Rubbettino, 2015) and Philosophy of Social Sciences (Bardwell Press, 2016).

Abstract: A striking similarity exists between Spencer’s and Hayek’s epistemological, social and political views. Both are individualists, fallibilists, evolutionists, anti-constructivists, theorists of the “dispersion of knowledge” and of “spontaneous order”, critics of legal positivism and socialism. Curiously, Hayek cites very few times Spencer and does not indicate him ever as one of his reference authors. This article highlights the affinity between these two thinkers by comparing some key aspects of their thought.

Keywords: Friedrich von Hayek, Herbert Spencer, methodological individualism, evolutionism, anti-constructivism

I. INTRODUCTION

It is rare to see associated the names of Herbert Spencer and of Friedrich von Hayek and even more rare to find the name of Spencer among those who have contributed to the tradition of methodological individualism. This partly depends: (i) on the fact that Spencer’s prolific work is largely a positivistic cataloging of the most diverse social phenomena appeared in the entire course of human history and in every corner of the planet; and (ii) on its sometimes obsessive preoccupation in comparing social and biological organisms. Those characters have made before a large fortune and then an almost sudden obsolescence of Spencer’s thought, and constitute a considerable obstacle to understand its most innovative aspect (Di Nuoscio 2000b, p. 117).

Beyond this hermeneutical difficulty, the work of Spencer can certainly be regarded as one of the cornerstones of methodological individualism. The English philosopher and sociologist, in fact, founded his theory of social evolution on a rigorous individualistic methodology, interpreting the social order as a spontaneous process that is accomplished by composing subjective actions direct to the private purposes. He uses epistemological categories (principle of rationality, unintended consequences, dispersion of knowledge, spontaneous order) that will be the key concepts of the best-established individualistic methodology of the twentieth century, especially that developed by the members of the Austrian School of Economics (Di Nuoscio 2000a).

In particular, if you examine carefully Spencer’s epistemology, you may notice a striking similarity with what a century later will be the reflection of Friedrich von Hayek. Both are individualists, fallibilists, evolutionists, anti-constructivists, theorists of the “dispersion of knowledge” and of “spontaneous order”, critics of legal positivism and left-liberals. And he is right a leading scholar of Hayek, as John Gray, when he argues that:

"one of the gap in Hayek scholarship is any detailed comparison of his view with those of his classical predecessor, Herbert Spencer. This is surprising, since
Hayek's philosophy has many affinities with Spencer's, including the aspiration of embedding the defence of liberty in a broad evolutionary framework” (Gray 1984, p. 103; Nemo 1988, p. 390).

Indeed, Hayek cites very few times Spencer and does not indicate him ever as one of his reference authors.

In this article I intend to highlight this affinity by comparing some key aspects of the epistemological reflection of these two great thinkers.

II. THE ONTOLOGICAL INDIVIDUALISM

Spencer's and Hayek’s social and political theories are based on the same metaphysical presupposition: the ontological individualism. In the Principles of Sociology Spencer writes: “society is a collective name for a number of individuals” (Spencer 1897, p. 447); it "is nothing more that the sum of the lives of citizens” (Spencer 1894, p. 87). Only individuals and their actions really exist, and “all social action are determined by the actions of the individuals” (Spencer 1880, p. 301), so “that everything thought and felt and done in the course of social life is thought and felt and done in harmony with the laws on individual life, is also a truth, almost a truism, indeed; though on of which few seem conscious” (Op. cit., p. 297). Consequently, “to understand any fact in social evolution, we have to see it for as resulting from the joint actions of individuals” (Op. cit. p. 106; Spencer 1881, p. 16).

Of similar content the words of Hayek: “the existence in popular usage of such terms as ‘society’ or ‘economy’ is naïvely taken as evidence that there must be definite ‘objects’ corresponding them” (Hayek 1964, p. 58). This “collectivist approach is that it mistaken for facts what are no more than provisional theories, models constructed by the popular mind to explain the connection between some of the individual phenomena which we observe” (Op. cit., p. 54). This ontological collectivism, in the opinion of Hayek, is the product of a naïve realism which “uncritically to assume that where there are commonly used concept there must also be definite ‘given’ things which they describe is so deeply embedded in current thought about social phenomena that it requires a deliberate effort of will to free oneself from it” (ibid).

III. THE EVOLUTIONARY ORIGINS OF SOCIAL INSTITUTIONS

In Spencer and Hayek there is a direct passage from the ontological individualism to the methodological individualism. They explain social phenomena as intentional, and above all, unintentional outcomes, generated by the combinations of rational actions. In particular, Spencer and Hayek share the systematic recourse to the category of unintended consequences to explain the genesis and functioning of some important social institutions and of the social order as a whole. Beyond what common sense would suggest, explains Spencer, the social processes produce results that “the scientific use of the imagination would never have anticipated them”, and the task of the social scientist must be to show that almost the social and political institutions “are the marvelous results indirectly and unintentionally achieved by the cooperation of men who are severally pursuing their private ends” (Spencer 1871, p. 213).

Among the many social institutions of which Spencer proposes an evolutionary explanation, we find that relative to the genesis of the currency in which he proposes a thesis already expressed few years earlier by Carl Menger (1871, pp. 257ff.), and the one on the division of labor, that we find in Hayek a century later. The complex organization of the division of labour—Spencer explains in the Principles of Sociology—“is not originated by conscious agreement” (Spencer 1897, p. 77), not “from a command of a government”, but “from a combination spontaneously evolved” (Spencer 1860, p. 145). “While each citizen has been pursuing his individual welfare and none taking thought about division of labour, or conscious of the need of it, division of labour has yet been ever becoming more complete. It has been doing this slowly and silently: few having observed it until quite modern times” (Op. cit., p. 150). The division of labour develops “spontaneously” (Op. cit., p. 810), as a unwanted result “to satisfy personal needs” (Ibid.).

In The Road to Serfdom Hayek proposes the same thesis: “That the division of labour has reached the extend which makes modern civilisation possible we owe to the fact that it did not have to be consciously created” (1944, p. 52). The man “tumbled on a method by which the division of labour could be extended far beyond the limits within which it could have been planned. Any further growth of its complexity, therefore, far from making central direction more necessary, makes it more important than ever that we should
use a technique which does not depend on conscious control” (Ibid.).

IV. SPENCER: FROM THE “COMPULSORY COOPERATION” OF THE “MILITARY SOCIETY” TO THE “SPONTANEOUS COOPERATION” OF THE “INDUSTRIAL SOCIETY”

Proposing what would be later the Hayek’s distinction between “spontaneous orders” and “constructed orders”, Spencer considers the “compulsory cooperation” and the “spontaneous cooperation” the two principles which rule the social institutions. The “compulsory cooperation” is the basis of those organizations in which individuals “intentionally pursue public purposes”, while the “spontaneous cooperation” is typical of “the complex social organizations, which not derive from a conscious agreement”, in which the individual, pursuing “private purposes”, unwittingly generate “public finalities” (Spencer 1897, p. 125).

The attempt to impose “compulsory cooperation” within social order, according to Spencer inevitably leads the “military society”, a planned society in which “individual initiative is canceled” (Op. cit., p. 262) by suffocating bureaucratic organization “extended to all of society” with at the summit a “despotic government” (Op. cit., p. 296). This social planned order was typical of the “communist forms existed in primitive societies” and now, Spencer writes in the Principles of Sociology, published between 1882 and 1996, is revived by the “communist projects of our time”, “incapable of conceive of any social fact as a result of spontaneous orders” (Op. cit., vol. II, p. 366).

To the “military society” based on “compulsory cooperation”, Spencer opposes the “industrial society” based on “spontaneous cooperation”. It is a social order in which “individuals employed in jobs of all kinds, which follow separately for private purposes, work together to achieve a public purpose not designed by them. Considered in the aggregate, their actions meet the needs of the whole society; but they are not dictated by an authority and are exercised by each with the aims of personal and not of all people welfare” (Op. cit., p. 590).

As well as support later Hayek, even for Spencer the “spontaneous cooperation” of the “industrial society” is ensured largely by the market catallactics logic, that even the English sociologist considers the most powerful system of self-organization, thanks to the regulative function ensured by the price system. The informations that guide the production “make the rounds of the city” and consequently “from hour to hour prices are adjusted, supplies are ordered hither or thither, and capital is drafted from place to place, according as there is greater or less need for it. All this goes on without any ministerial overseeing, without any dictation from those executive centres which combine the actions of the outer organs” (Spencer 1871, p. 218).

The ability of the self-regulation of “spontaneous order”, Spencer says, “is more reliable than any legislative decision”, because “when the desires are not few, universal and intense, but, like those remaining to be satisfied in the latter stages of civilization, numerous, partial, and moderate, the judgment of a government is no longer to be trusted. To select out of an immense number of minor wants, physical, intellectual, and moral, felt in different degrees by different classes, and by a total mass varying in every case, the want that is most pressing, is a task which no legislature can accomplish. No man or men by inspecting society can see what it most needs; society must be left to feel what it most needs” (Spencer 1852, p. 308). In the “industrial society” the task of political power must not be to “make him the individual actions directing them towards a single end”, but to “protect the actions of the individual from interference that are not required by the mutual limitation of individual rights” (Spencer 1897, p. 399).

V. HAYEK: FROM THE “ORGANIZED ORDER” OF THE “MILITARY TYPE OF SOCIETY” TO THE “SPONTANEOUS ORDER” OF THE “COMMERCIAL TYPE OF SOCIETY”

Without any reference to Spencer, Hayek argues (using definitions almost literally spencerian) that at the two opposite types of orders—“spontaneous order” (cosmos) and “constructed order” (taxis)—correspond “two irreconcilable types of social organisation (…)”, the commercial and the military type of society” (Hayek 1944, pp. 130-131).

The taxis are an order designed and imposed, under which are not in force, as in the cosmos, abstract and impersonal rules (the nomoi), but that is regulated by a complex legislation (thesis), that programs the ends and regulates the relations between the individual components. This “constructed order”, therefore, can only be used when there is “limited resources known to the organiser in the service of a unitary hierarchy of ends” (Hayek 1978, p. 76). Because of their intrinsic characteristics, the “constructed orders” are relatively simple or at least necessarily confined to such a degree of complexity as the marker can still survey” (Hayek 1982, p. 38). This type of order is therefore not applicable to
organize the entire society, because it's impossible to centralize the knowledge necessary for this calculation. For these epistemological reasons the planning is impossible, because, as Hayek writes in *The Fatal Concession*, "what cannot be known cannot be planned" (1988, p. 85).

The cosmos is instead the order that evolves spontaneously and that "is not the result of human design" (Hayek 1982, p. 19). Having formed unintentionally, it presents "a degree of complexity that is not limited to what a human mind can master" (Op. cit., p. 38). This represents a great advantage for the realization of individual plans, because "the success of action in society depends on more particular facts than anyone can possibly know. And our whole civilization in consequence rests, and must rests, on our believing much that we cannot know to be true in Cartesian sense" (Op. cit., p. 12). The cosmos, then, is a system that are self-organized spontaneously according to a catallactic order and that, not depending on the computing capacity of any subject, allows to organize actions and knowledge on a large scale, allowing to best use of the experiences and knowledge accumulated with the evolutionary process. According to Hayek, this type of order is the organization principle of the "Great Society".

VI. SPENCER: THE SOCIAL PLANNING LEADS "FROM FREEDOM TO BONDAGE"

In an essay significantly entitled *From Freedom To Bondage* (1891), Spencer makes some devastating epistemological criticisms to the communists, and generally to all planners. Criticism that will be then one of the fundamental tenet of the thought of Hayek. The thesis is clear: the attempt of political power to replace the "spontaneous cooperation" to plan the entire society is inevitably destined to fail and produce "worse evils than those to be escaped" (Spencer 1891, p. 248). Against the rationalist constructivism of the planners, Spencer brings two epistemological arguments: the occurrence of unintended consequences and the impossibility to replace the market order with political decisions. Before to "meddle in a social organization" Spencer writes, the legislator must realize that it has a "natural history" (1884, p. 99), and that "the attempt to divert essentially the evolutionary course of society" can only to cause damage" (Spencer 1880, p. 254), because should "a superhuman power and intelligence" (Spencer 1853, p. 139) to control all variables to avoid "collateral evils they never looked for" (Op. cit., p. 143). The legislator has to learn from the fact that historically the major attempts at reforms have generated "evil worse instead of remedying them" (Op. cit., p. 151), because "the vice of empirical school of politicians” is that they never look beyond proximate causes and immediate effects" (Op. cit., p. 142) and do not take into account that "not even the highest intelligences can anticipate the aggregate effects" (1981-93, p. 250) in society, just because the social and political events are dominated by a so complicated “fructifying causation” (Ibid). This faat explains because “well-meant measures often produce unforeseen mischief’s” (Spencer 1853, p. 144), so "the faith in the method of achieving artificially this or that end, is continually discredited by failures to work the effects intended and by working unintended effects" (Spencer 1981-93, p. 250).2

The other argument put forward by Spencer against planners, concerns the impossibility of giving up the order of the market. The dynamics of free competition, he argues, allows an optimal allocation and management of economic resource, since "every private enterprise is dependent on the need for it" and it would be "impossible it is for to continue if there be no need" (Spencer 1981-93, p. 142). "Daily are new trades and new companies established. If they sub serve some existing public want, they take root and grow. If they do not, they die of inanition" (Op. cit., p. 149), and resources are used to make profit in another way. And all this happens spontaneously, "without agitation and without act of parliament" (Op. cit., p. 154). "Each men, Spencer explains, does that which he finds pays best; that pays best is that for which other men will give most; that for which they give most is that which, under circumstances, they most desire" (Ibid). This system, which is the price system, is the only one able to continuously reorient the allocation of resources, in order to satisfy the immense aggregate of individual desires, expressed according to preference scales that are constantly changing on depending by the circumstances3.

Give up this spontaneous mechanism means give up the only system able to solve this complicated calculation. It should, in fact, "a superhuman power and intelligence" to replace it, and “no Government or Parliament can do it” (Op. cit., p. 139). Therefore, any attempt to produce this calculation in the “theoretical way”, that is, through centralized planning, not only is destined to fail, but most probably will produce "collateral evils (...) often graver than the original ones" (Op. cit., p. 142). This is what want to do the Communists, who, in the opinion of Spencer, "do not realize the impossibility to construct the complicated mechanism that the social order they envisioned necessarily imply” (Spencer 1891, p. 239). In fact, "if each is to be cared for by all, then the embodied all must get the means the necessary of life. What it gives to each must be taken from the accumulated
contributions; and it must therefore require from each his proportion must tell him how much he has to give to the general stock in the shape of production, that he may have so much in the shape of sustentation" (Spencer 1891, p. 240). And every individual must “obey those who say what he shall do, and at what hour, and where; and who give him his share food, clothing and shelter” (ibid). “If the competition is excluded, and with it buying and selling, there can be no voluntary Exchange of so much labour for so much produce; but there must be apportionment of the one to the other by appointed officers” (ibid).

Beyond the original intentions, the renunciation of free trade necessarily leads to the construction of a “colossal regulatory mechanism” that is able to comply with all means decisions and organize every aspect of economic, social and political life. The consequence is “a tyranny of bureaucracies” (Spencer 1891, p. 244), which gives absolute power to those who are at the top of the bureaucratic machine, who “use without check whatever coercion seems to them needful in the interest of the system (which will practically become their own interest) will have no hesitation in imposing their rigorous rule over the entire lives of the actual workers; until, eventually, there is developed an official oligarchy, with its various grades, exercising a tyranny more gigantic and more terrible than any which the world has been” (Op. cit., p. 247).

To replace the “industrial society” with the “communist society”; and then give up the “spontaneous cooperation”, means—for Spencer—pass “from the freedom to the bondage”, returning to a pervasive regime which “in principle, if not in appearance, the same as that which during the past generations was escaped from with much rejoicing” and this social order, moreover, will prove detrimental to the interests of the working classes. If the industrial society the self-interest” of the “ruling class” is braked by the successes of Trade Unions, “in a system of forced cooperation, such as the Communist, "the regulators, pursuing their personal interest with no less selfishness, could not be met by the combined resistance of free workers; an their power, unchecked as now by refusals to work save on prescribed terms, would grow and ramify and consolidate till it became irresistible” (Op. cit., p. 248).

The remedies of the Communists—Spencer concludes that, unlike Hayek, can not know the historical experience of the communist regimes—not only will be ineffective, “but will bring worse evils than those to be escape” (Spencer 1891, p. 247). The communist revolution, is the forecast of Spencer, will be no exception with respect to other “unnumbered revolutions”, like the French one, “that have shown with wonderful persistence the contrast between the expected results and the achieved results” (Op. cit., p. 241; see Rizzo 1999, p. 115).

VII. HAYEK: THE PLANNING IS “THE ROAD TO SERFDOM”

In The Road to Serfdom of Hayek we find—without any reference to Spencer—argument substantially identical to those expressed by Spencer in From bondage to freedom. The price mechanism is indispensable, for Hayek, because it’s “the only method” capable of ensuring the “coordination” of a complex system of division of labor. “Because all the details of the changes constantly affecting the conditions of demand and supply of the different commodities can never be fully known, or quickly enough be collected and disseminated, by any one centre, what is required in some apparatus of registration which automatically records all the relevant effects of individual actions, and whose indications are the same time the result of, and guide for, all individual decisions” (Hayek 1944, pp. 51-52).

Once eliminated private property and, therefore, the competition—this is the Hayek’s thesis—become “inevitable” the total planning of every aspect of social and economic life in achieving a single goal. “Economic control, Hayek explains, is not merely control of a sector of human life which can be separated from the rest; it is the control of the means for all our ends. And whoever has sole control of the means must also determine which ends are to served, which lower, in short, what men should believe and strive for” (Op. cit., p. 95). Economic planning, therefore, “would involve direction of almost the whole of our life”, since there would be no one aspect of it “over which the planner would not exercise his conscious control” (ibid).

The renunciation to the mechanism of catallaxy in favor of planning therefore inevitably leads to a colossal bureaucratic organization that has the power to decide in order to the relative importance of the different individual needs. Directing the entire social and economic system, it can be considered “the most powerful monopolist conceivable” (Op. cit., p. 96) and will be all-powerful and liberticide to the point that, like Spencer, Hayek also can be concluded that “the Road to Freedom was in fact the High Road to servitude” (Op. cit., p. 27).
VIII. EVOLUTIONARY LAW AND CRITICISM TO THE LEGAL POSITIVISM

In Spencer, and then Hayek, epistemological criticism to planning invest the role of the legislator. Both criticize the legal positivism that feeds the political constructivism and insist on the “ignorance of the legislator” and on the distinction between “positive law” and “evolutionary law”. And both see in the “evolutionary law” the rules of “spontaneous order” and in the “positive law” the rules of the “constructed order”.

According to Spencer, the planners, but also the constructivistic liberals, are motivated by prejudice that “the legislation is omnipotent” (Spencer 1853, p. 141) and, consequently, it can change the entire social organization. The constructivists forget that the social order, instead, “is the result indirectly and unintentionally achieved by the cooperation of men who are severally pursuing their private end” (Spencer 1871, p. 213). The result of this wrong conception is an “over-legislation”, that even in liberal countries was reducing the margins of individual freedom.

The unsustainable epistemological conceit of the legislative constructivism is based, according to Spencer, on the erroneous identification between “positive law” and “evolutionary law”. The “industrial society” is a self-organized order on the basis of rules spontaneously generated, of a “common law” produced by the free interplay between individuals. This mechanism has allowed the production of a quantity of knowledge that no government or parliament could never have. Criticizing the legal positivism of Bentham, which has ignored this essential difference between “right” and “law”, Spencer says, “the reformed law did not create the right, but recognition of the right created the reformed law” (Spencer 1884, p. 122). The leader of the radical philosophers, in fact, assigned to the State a moral duty to pursue the greatest happiness for the greatest number, “by creating rights which it confers upon individuals: rights of personal security, regatta of protection of honour, rights of property, etc.” (Bentham 1838-43, p. 301). This benthamian conception of law, in the opinion of Spencer, has proven “false” (Spencer 1884, p. 125) by the existence of rules pre-existing to the affirmation of forms of political organization and by the impossibility, due to the lack of the necessary knowledge, for any political power to create ex nihilo rules of behaviour (Op. cit., pp. 118-119).

The Hayekian distinction between “law”, which is at the basis of “spontaneous orders”, and “legislation”, tool for the regulation of the “constructed orders”, as well its hard criticism of legal positivism, reproduce in substance the thesis of Spencer. “Not all law can therefore be the product of legislation; but power to legislate presupposes the recognition of some common rules” (Hayek 1982/1993, p. 95). Before the legislation there is therefore a “customary law”, that “is not the result of intention or design of a law-maker” (Op. cit., p. 81). They are the rules of conduct that govern the “spontaneous order” and that, for gnoseological reasons, can not be “product of deliberate design”, but “pre-exist” to the political decisions (Op. cit., p. 89). Neglecting this distinction the positivists make two errors: assume a “a supreme legislator whose power cannot be limited” (Op. cit., p. 91) and to conceive any legal rule as an expression of the will of the legislator. Committing these errors, Bentham and the positivists had to assume “a omniscience which is never satisfied in real life and which, if it were ever true, would make the existence of those bodies of rules which we call morals and law not only superfluous but unaccountable and contrary to the assumption” (Op. cit., p. 20). The utilitarians, in substance, fall into a serious paradox: they want to establish rules denying at same time the assumption that produces the need of rules: human ignorance. “Man, Hayek writes, has developed rules of conduct not because he knows but because he does not know what all the consequences of a particular action will be” (Op. cit., pp. 21-21).

NOTES

1 “Our industrial organization, from its main outlines down to its minutest details, has become what it is, not simply without legislative guidance, but, to a considerable extent, in spite of legislative hindrances. It has arisen under the pressure of human wants and resulting activities” (Op. cit., p. 150; ibid).

2 “Every day brings examples of the way in which measures work these unexpected results” Spencer (1981-93, p. 250) and of “indirect effects, multiplying and again multiplying, that are often in the long run the reverse of those counted on” (Spencer 1880, pp. 378; 245). A sensational case is represented by the failure of the Poor Laws, that is, of those laws that were hailed as a great achievement of civilization in England, which “ended in making the people of each parish chargeable with the maintenance of their poor, while it re-established the severest penalties on vagabondage”. The strong increase of the poor brought about an increase of this fee. “No one
imagine that, to escape poor’s-rates, landlords would avoid building cottages, and would even clear cottages away; so causing over-crowding, with consequent evils, bodily and mental. No one imagined that workhouse, so called, would become places for idling in; and place where married couples would display their ‘elective affinities’ time after time”. Yet, Spencer concludes, “these and detrimental results which it would take page to enumerate, culminating in that general result most detrimental of all—helping the worthless to multiply at the expense of the worthy—finally came out of measures taken out ages ago merely to mitigate certain immediate evils” (Spencer 1880, p. 94).

3 The economic activities managed by the State, suffer of some congenital defects: they are “lazy” to adapt to new situations; usually they are managed by no competent people; have a financial management misguided because there is no personal responsibility of executives; they are frequently affected by corruption, because not exposed to the “antiseptic principle” of the “free competition” (Op. cit., p. 147).

4 “Without alternative the work must be done, and without alternative the benefit, whatever it may be, must be accepted. For the worker may not leave his place at will and offer himself elsewhere. Under such a system he cannot be accepted elsewhere, save by order of the authorities”; (Op. cit., p. 240).

5 For Spencer, therefore, the waiver of the price system, which is the basis of free trade, inevitably leads to the affirmation of a state pervasive bureaucracy, which try to replace the economic calculation based on prices with central planning. It’s just the case to highlight here, that before with Socialism (1922) and then with Bureaucracy (1944), Ludwig von Mises will insist—with arguments that in fact constitute a development of those spencerian—the inevitable bureaucratic degeneration of any attempt to give up the price system. “The suppression of profit”, Mises writes, inevitably leads to the “bureaucratization of the every sphere of human affairs” (Mises 1944, p. 6). Insisting, unlike Spencer, especially on the impossibility of economic calculation in a planned economy, Mises affair that “the pre-eminence of the capitalism system consists in the fact that it is the only system of social cooperation and division of labour which makes it possible to apply a method of reckoning and computation in planning new projects and appraising the usefulness of the operation of those plants farm and workshops already working. The impracticability of all schemes of socialism and central planning is to be seen in the impossibility of any kind of economic calculation under conditions in which there is no private ownership of the means of production and consequently no market process for these factors” (Mises 1944, p. 23). If, then, in a market economy the “sovereigns” are the consumers, who with their choices continually redirect the allocation of resources, in the planned economy “sovereigns” are the bureaucrats and the politicians who control it; from the decisions of this people depend the satisfaction of individual preferences (Mises 1944).

6 Slavery, Spencer writes in The Man Versus the State, depends on the degree to which each individual must work for others or can work for itself. “The degree of his slavery varies according to the ratio between that which he is forced to yield up and that which he is allowed to retain; and it matters not whether his master is a single person or a society” (Op. cit., p. 240. If without options, he has to labour for the society, and receives from the general stock such portion as the society awards him, he becomes a slave to the society. Socialistic arrangements necessitate an enslavement of this kind” (Spencer 1894, p. 41).
REFERENCES


