
Response

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First, let me express my gratitude to Mikayla Novak for organizing and editing this symposia, and the very warm and generous remarks in the introduction on my book, *F. A. Hayek: Economics, Political Economy and Social Philosophy*, and to the various contributors who not only took great care in reading my book, but also in crafting their criticisms and suggestions for improvements in terms of my own exposition, or different directions the project could have been pursued. In so many ways I found myself agreeing with the identified weaknesses and even the promise of the alternative directions. For my sins of omission, as well as my sins of commission, that have been identified by my readers, I can only ask for forgiveness and promise I will try to do better.

Second, I would like to stress that I wrote this book with a particular audience in mind—namely, contemporary students of economics that are hoping to pursue a career in academic economics and/or political economy. Hayek was an interdisciplinary scholar, and I aspire to be one myself, but like what I suggest about Hayek as being an economist at the end of the day, I am bound (for good and bad) to my disciplinary training and professional interest in modern scientific economics and scholarship in political economy. Furthermore, like Hayek, I am frustrated with the practice of the discipline, and believe that the accumulated intellectual capital that was built up during the classical period and into the early neoclassical period has been largely squandered due to a set of deep philosophical errors that have impacted the disciplinary practice. Excessive formalism combined with excessive aggregation, wrapped in a package of excessive empiricism, resulted, in my interpretation, in an unhealthy alliance between statism and scientism to the detriment of the scientific and scholarly practice in the related but distinct disciplines of economics and political economy. In Hayek's Nobel Lecture, he expressed his concern that unless we address this philosophical error, we would not only cause a loss of this scientific and scholarly capital accumulated from the practice of political

economy during its finest hours, but also threaten to turn modern practitioners into potential tyrants over their fellow citizens and destroyers of the very civilization that political economists had helped to build. Once again, as readers of my book (and my other works will not be surprised) I am in profound agreement with Hayek on this. So, there is an urgency in my quest to understand the human condition via the disciplinary framework of economics and political economy. Sometimes that sense of urgency fuels my curiosity, but at other times, perhaps it fuels my zealotry.¹ I do work hard to try to tame the latter, and embrace the former, but I am certainly not so self-unaware to claim that I never fall short of the ideal scholarly values I so aspire to reflect. Israel Kirzner remains my model of how one should behave in this business. I am woefully aware of my shortcomings in this regard, but like with research itself, view me as a work in progress.

This has consequences as my shortcomings might sometimes appear in the form of missing different sides of an argument that I should perhaps been more attentive to, or failure to pursue an angle that might from a different perspective be judged as more productive. Buchanan taught me early in my career about the benefits of looking through different “windows”. But the reality is that you cannot look through all the different windows at once, or at least I cannot, and so we are forced to choose which window we will look through on *this* or *that* occasion. The fact is, I do take criticism seriously, but that for me has meant that I need to grapple with those issues in my next project. The other important lessons I learned from studying with Buchanan concerned with how to build a productive academic career was that one must come to grips with the reality that we are not in the business of writing down *the* definitive argument for all time. All academic work, is work in progress. And, don't get it right, get it written. And finally, thinking without writing is day-dreaming. So, bottom line, each of my commentators provide me with material that must be pursued down the road in the next effort to clarify Hayek's

project and what it means for the way we practice economics and political economy in our age, and against this particular historical context. And for that, as well as the care and effort they put into grappling with this effort of mine to understand Hayek's project, I am truly grateful.

Adam Martin makes a wonderful observation that is relevant in this discussion when he points out "Writing a book about economics is itself an economic act: it involves tradeoffs and scarcity." This is particularly relevant, I'd argue, in this context. Because Hayek was a scholar who roamed so widely, in trying to make sense of his roaming for a project that impresses on his core, I sought to find a coherent thread. To me, that coherent thread was in Hayek's explorations of the *institutional infrastructure* within which social life (including commercial life) takes place. And, in particular, his explanation of how alternative institutional arrangements impact on our human capacity to realize social cooperation through specialized production and mutually beneficial exchange. While not denying the impact on the structure of incentives that human actors face in making decisions that are produced by the relevant institutions, Hayek's unique emphasis was on how these alternative institutional arrangements served as the background to the discovery, utilization, dissemination, and continual updating of the *relevant knowledge* that human actors need to pursue their interests in an effective manner. In short, Hayek asked us to think about how individuals *learn* the relevant knowledge so that they can coordinate their activities with others, in order to pursue the productive specialization and realize the peaceful social cooperation that is the underlying basis for the progress of civilization. I dub this in the book as Hayek's *epistemic institutionalism*. And this had the consequence of directing my message largely to an audience of practitioners and graduate students apprenticing to be practitioners of Rational Choice Institutionalism and Historical Institutionalism in the related but distinct disciplines of economics and political economy. Think Daron Acemoglu, not necessarily Sam Bowles or Herb Gintis; think Alberto Alesina, not Paul Davidson. This is *not* an ideological choice on my part, as Paul Lewis and Ted Burczak come close to suggesting. My conversation partners are selected on shared research focus on institutions and political economy, and my strong conviction that these leading practitioners of economics and political economy are not getting it quite right. They are still not quite getting Hayek's point about the contextual nature of our knowledge, and thus the social epistemology point about alternative institutions that I am emphasizing. Therefore, if we nudged that

more mainstream work in contemporary political economy in a more Hayekian direction it would yield significant results in our quest for understanding the human condition. My discourse effort is directed at works such as Acemoglu and Robinson's *Why Nations Fail* or their more recent *The Narrow Corridor* rather than the very impressive list of potential discourse partners that Paul Lewis provides in his commentary that I entirely miss in this book. Remember, we look through different "windows."

I might be wrong about that judgement, but that judgement in addition to my sincere belief that I have accurately described the arc of Hayek's professional career as an economist, political economist and social philosopher, contextualized it in his time, and identified a coherent theme that we can work with in our own work explains what I did in the book. I identified four distinct stages in Hayek's career – Economics as a Coordination Problem; the Abuse of Reason Project; the Restatement of Liberalism; and the Philosophical Anthropology of Man. I then try to explain the common theme that links all of these. I certainly underdeveloped my discussion of the fourth phase in his arc, and thus do not do justice to either the tensions in Hayek's project that Jeremy Shearmur correctly stresses, or the issues which David Prychitko asks me to consider concerning the philosophical anthropology of man. I have my own way of attempting to resolve the tensions, or at least ameliorate them, and working out the radical implications for social theory along the lines suggested by Prychitko but those need to be worked out in a far more sophisticated way than I have done to date. Again, all work, is work in progress.

One could identify a major glaring interpretative error, which is the following: rather than dividing Hayek's career into these four phases under the theme of epistemic institutionalism, one could just as easily and justifiably divide Hayek's career into two phases, the first being his early insistence on methodological dualism based on the divide between the human science and the natural science and his later being the methodological distinction between the sciences of simplicity and the sciences of complexity. Both Paul Lewis and Gerald Gaus prefer to move the conversation concerning Hayek and his contribution in that direction focusing on evolution and complexity. I completely agree that is a very productive direction. It is just not the conversation I was going to pursue in *this* book. But it is a conversation that should take place, and I will want to join that conversation at some future date, and hopefully at that time both Lewis and Gaus will see how much I have learned from their work and the work they favorably cite when I do.

Ironically, though, I am still enamored by the unique problems confronting the *human sciences*. Part of my methodological zealotry is due to a firm conviction that scientism kills scientific progress in the study of man. Fritz Machlup once famously quipped in addressing these questions --- what if matter could talk? His thought experiment had his readers acting precisely as a natural scientist, but then the subject of their studies started to talk back to them, to express desires, to form expectations, and to attribute meaning to social situations. In short, what if the “matter” in our studies refers to human beings? Roger Frantz in essence raises this question by linking Hayek to behavioral economics. My own view is that Hayek, like Carl Menger and Ludwig von Mises before him, and James Buchanan and Elinor Ostrom after him, can be productively understood as a rational choice theorist as if the choosers were human. Human beings are caught between alluring hopes and haunting fears, the very act of choice is an agonizing one, and standard utility maximizing subject to constraints simply doesn’t help us wrestle with human beings playing out the logic of choice and engaged exercises in situational logic. Institutional context always matters. We are fallible, but capable human actors. We are constantly adapting and adjusting to changing circumstances and thus in constant need for guideposts and “aids to the human mind” to steer our course toward peaceful social cooperation. *Human* economic life is not well captured in models characterized by smooth and continuous and twice differentiable functions. *Human* interaction in the marketplace is more about Smithian higgling and bargaining, than it is about Beckerian optimizing behavior and Arrovian equilibrium states. We must, as economists, not only respect the subjective valuations and expectations of the creative and clever human beings we set out to understand in our analysis, but also account for the political, legal and social context within which they transact with one another and form relationships with one another if we hope to make any progress in our quest to understand the human condition. Hayek knew this, Paul Samuelson didn’t. Economics went one way, and I am trying to use Hayek to pull it back in another direction of research and teaching. Adam Martin ingeniously, to my mind, lays this out in his comments with some very useful diagrams that readers should focus their attention on, and think long and hard about. There is only good economics and bad economics, as Milton Friedman taught, but good economics isn’t the empiricism of Friedman or the formalism of Samuelson. Instead, it is to be found in the mainline of economics from Adam Smith to F. A. Hayek.²

Mainline economics developed alongside the evolution of liberal institutions of governance. This is a point I make in the book, drawing on the work of Lionel Robbins. And the book does strive to move from technical economics through to timeless puzzles in the political economy of liberalism. The central puzzle with which it is wrestling is the predatory propensity of men in the private and public sector. Ted Burczak, by invoking John Kenneth Galbraith successfully to my mind, moves questions of persuasion and power to the forefront. This demands an examination of countervailing forces in the private and public sector. I do not in my work spend enough time on potentials for abuse of power in the private sector, and that is a weakness that I must address in the future, not so much in understanding Hayek, but in getting a fuller appreciation of the liberal project for our time. The first real professional paper I ever wrote was on Hayek and Galbraith, I thank Burczak for reminding me of the potential fruitful avenue that such a comparative analysis could provide.

Nick Cowen’s contribution to this symposium also puts in the forefront of analysis questions of justice. Buchanan taught us, again, that the theory of justice was the critical missing element in the nineteenth century classical economists which resulted in their vulnerability in intellectual discourse with socialist thinkers. We must, he told us, develop a coherent theory of justice if we hope to develop an argument for the “good society.” Those of us persuaded by Hayek’s critique of social justice should not be content with that negative analysis, but must offer our own picture of the agenda and non-agenda of liberalism for our time. Cowen is building those bridges from Hayek to contemporary political theory. Stefan Kolev raises the issue of the institutional infrastructure in the liberal order in the age of digitalization. He stresses not only the great expansiveness of the new globalized economy due to modern technology, but the speed with which the pressure felt due to globalization is experienced in local communities. Again, truly fascinating issues that deserve full treatment and development. Very promising directions. If my book truly could be said to have stimulated thought in these new directions in economics and political economy, then it will have done its job. My purpose in writing the book, let’s remember, was to (a) accurately capture Hayek’s intellectual development throughout his career from the 1920s to the 1980s; (b) to identify a common-theme in that work that unites his efforts over time and across disciplines; (c) to achieve (a) and (b) by synthesizing the questions “does economics have a useful past?” and “does the past have a useful economics?”

both to which I answer in the affirmative using Hayek as the case study demonstrating the productivity of those answers; and (d) to draw out the implications of Hayek’s intellectual journey for political economy and social philosophy. If I achieved (a) through (d), then it is my hope that the reader will be prepared to join me in not only our quest to understand the human condition, but to engage in the active reimagining and reconstruction of the cosmopolitan liberal project for our time.

Let me conclude by once again thanking all of my commentators. Their comments were so rich that my task of responding in any detailed manner to any of them was impossible. I hope readers will take their points and run with them, as I believe there are so many very productive directions they point to. I believe this symposium is a great demonstration that Hayek studies is not only alive and doing well, but that it can serve as a catalyst for a renewal of research efforts beyond Hayek and generate new thinking in the contemporary practice of economics, political economy and social philosophy.

To Doctor Novak and *Cosmos + Taxis*, let me just end by once again saying — THANK YOU.

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I would like to acknowledge the comments and criticisms on an earlier draft of this response by my colleagues Rosolino Candela, Chris Coyne and Virgil Storr. The usual caveat applies.

NOTES

- 1 This zealotry, I would insist, is not ideologically, it is primarily methodological and analytical with social philosophical implications.
- 2 I have defined mainline economics on several occasions, but sometimes folks think is just a designation I came up with to list individuals I like rather than any coherent intellectual thread. Again, I disagree vehemently with this characterization. I have been very specific through the years—mainline is the substantive propositions of core economic theory from Adam Smith onwards, mainstream economics is what is currently scientifically fashionable at any time as reflected in the top five journals and top five departments as conventionally ranked. The central substantive proposition of mainline economics is the “invisible hand”, and my argument has always been that what separates mainline economists apart is that they all derive the “invisible hand” proposition from the rational choice postulate via institutional analysis. Any methodological or analytical move that draws our scientific attention away from this central proposition must be challenged. Gaus’s discussion in his commentary on the “invisible hand” is a very interesting direction in which evolutionary and complexity models might capture the institutional emphasis I am stressing in a more persuasive manner than I have pursued.