

Two Contrasting Views of People and Institutions in the Philosophical Anthropologies of Hayek and Marx

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INTRODUCTION

Peter Boettke, in his rich and masterful discussion of Hayek's lifework (2018), weaves an analysis of Hayek as offering an integrated and coherent whole, covering price theory and capital theory and the puzzle of decentralized plan coordination to problems of market socialism and the democratic process, from issues of epistemology to that of cultural evolution. Hayek may have been a polymath, but he was no dilettante. Boettke presents Hayek as a systematic thinker—even though there are tensions within his work (2018, pp. 283-96)—rather than some kind of philosopher who dabbled in economics or an economist who later in his career simply played with non-economic puzzles. I believe Boettke has vastly succeeded in that endeavor.

Boettke divides Hayek's work into four general periods (pp. xvi-xviii): The first, "Economics as a Coordination Problem," during 1920-1945; the second, "The Abuse of Reason Project," from 1940-1960; the third, "The Restatement of the Liberal Principles of Justice," between 1960 and 1980; and the fourth, "Philosophical Anthropology and the Study of Man," after 1980. Boettke closely discusses, with fine scholarly precision, the first three periods throughout the course of his book. The fourth, Hayek's philosophical anthropology, he writes, "is a challenge not only to the development in economic thinking by John Maynard Keynes and Oskar Lange, but broad social theorists such as Karl Marx, Sigmund Freud, and Karl Polanyi. The arguments that Hayek develops in this phase of his career will not be treated with the depth they deserve in this book. It is my hope that future scholars will find the ideas I discuss in these pages to be intellectually enticing and promising so they will want to apply them to the contemporary intellectual debate in moral economy and social economy" (p. xviii).

I would like to take up Boettke's invitation, on the topic of Hayek's philosophical anthropology and its challenge

to Marx. I will argue that their concept of the person may be the core difference between them. While Hayek is most widely known as a critic of socialism, Hayek focused his conversation on the theoretical market socialists and socialist intellectuals of his era, and unfortunately never really engaged Marx himself. Consequently, Boettke does not discuss Marx at all in his book. I would like to take advantage of that open opportunity in this paper.

HAYEK'S PHILOSOPHICAL ANTHROPOLOGY

While mentioning Hayek's fourth phrase, Boettke does not provide a systematic discussion of Hayek's philosophical anthropology in the remainder of the book.¹ Now, philosophical anthropology may focus on the evolution of human history, but it is primarily an examination of what constitutes human being. I have in mind not so much a question of human nature per se but a question of Hayek's conception of human being, one that examines our being in the world, not through the lens of atomistic individualism, but being as embedded in social relationships and institutions. While Boettke does not offer an account of precisely what Hayek's conception of human being is, one can easily draw it out from Boettke's analysis throughout the entire book.

In fact, readers of this journal are probably already aware of Hayek's philosophical anthropology, of his conception of man, even if it hasn't been stated as such. Hayek views the person as a being who follows rules, some explicit, most often tacit (language being an obvious example) that have evolved over the millennia. These rules allow the person to engage in a means-ends rationality through the use of one's reason. The person has the ability to learn, and to adjust to changing circumstances. That said, one's knowledge is inescapably incomplete, and moreover, what one actually knows cannot be fully articulated. As social beings, people coordinate their plans with one another—they get on with

lives—through cultural customs and practices, which only over time might evolve into explicit codes and rules of just conduct. The gains people enjoy through cooperation may be a direct product of such rules of conduct, but the rules themselves have generally not been rationally designed with that objective in mind, and are often codified only well after the benefits have been enjoyed. Hayek’s narrative runs from the beginning of civilization to advanced capitalism, how people stumbled upon practices that sustained their numbers and well-being. Human history itself is, in this way, a “discovery process,” as Boettke says (2018, p. 185).

Through that course of history, people find themselves within evolved sets of institutions not of their own making, but critical to fulfilling their own individual and group objectives in a way that allows for an extensive social division of labor, higher productivity, and a rise in their material standard of living. Those rules center upon, among other things, the exchange of private or separate property. People in the modern era of advanced market institutions depend critically on the pricing system to allow them to engage in rational economic calculation and to both receive and transmit information, and act upon their own particular knowledge and interpretation of their own unique situations, through the ever-changing latticework of market prices. Market institutions such as prices—being perhaps the most obvious example, but certainly not the only—perform a *cognitive* function (hence Boettke’s discussion of “epistemic institutionalism” throughout the book, which he applies to law and other institutions as well), they allow people to engage in acts of cooperation successfully through time.

Boettke puts it this way:

Though the complex structures of society are the composite of the purposive behavior of individuals, they are not the result of conscious human design. The intentional, that is, meaningful, behaviors of individuals affirm or reaffirm the overall order in society. But social order is not the result of conscious design and control. Perhaps the greatest source of misunderstanding in our social world is the failure to view society as an interpretive process which translates meaningful utterances of the human mind into socially useful knowledge, so that the various anonymous actors may come into cooperation with one another, regardless of whether this was their intention (Ibid., pp. 184-5).

He says later:

[M]an, to Hayek, was a fallible creature caught between alluring hopes and haunting fears, whose capabilities—to the extent he revealed them—emerged in the social process defined by specific institutions (Ibid., pp. 231-32).

While this may sound only like a theory of institutions, in Hayek it is ultimately about the intersubjective and social nature of our being and the critical role that undesigned institutions play in cognitively orienting the life-projects of men and women. It is, at its core, a statement about man as a phenomenon, about the *rule-guided and institutional nature of our being*, about what we can and cannot accomplish with the use of our reason. *Man has reason because we have followed rules, those same rules are generally not the product of our reason. Individuals are beings of an evolved and, later, emergent, order not fully of their making, and they are critically dependent upon that order for their freedom and prosperity.* If we add Hayek’s economic theory on the knowledge problem to this anthropological (if not ontological) view of the person, there is a clear implication: the attempt to overturn those undesigned institutions in favor of a more “rational” comprehensive plan will undercut if not destroy the very types of epistemic processes that allow us to successfully orient ourselves in the social world, and enjoy a sustained increase in our material standard of living.

THE PHILOSOPHICAL ANTHROPOLOGY OF MARX

Hayek’s contrast with Marx couldn’t be more stark. When Marx speaks of “man,” he seems to lose sight of individual persons and instead treats people as a collective unit, as (what he calls) a “species being.” While Hayek speaks of the individual as a being fundamentally embedded in a constellation of social relations and institutions, and thereby retains a sophisticated as opposed to naïve methodological individualism (an atomistic individualism so characteristic of mainstream neoclassical economics), Marx seems to retain a naïve methodological holism, the opposite of a naïve individualism, yet with severe problems of its own. “Man,” especially under the institutions of capitalism, struggles with “himself.” Not “himself” as an individual person, but “man” as a collective agency struggling with itself ... as a collective agency.

It stems from Marx's praxis philosophy, which is developed in *The Economic and Philosophic Manuscripts of 1844* (1964), first published well after his death, in 1932. Marx views man as a maker, a producer, a creator. Man is a "praxis being," one who has the capacity to deploy reason and engage in free, creative, willed activity. Man has the power to plan, to design, to organize, to put will and imagination into action, to affirm and fully realize himself through his activity. As Mihailo Marković put it, "*Praxis is ideal human activity, one in which man realizes his optimal potentialities of his being, and which is therefore an end in itself. Marx never gave an exhaustive definition of this notion, although it plays a key role in his anthropology and is the fundamental standard of his social criticism*" (1974, p. 64).²

Notice Marković's last statement. Marx deploys his concept of man as praxis being to critically evaluate peoples' actual place within the economic, social, and political institutions that have historically surrounded them. In the 1844 Manuscripts he devotes an entire chapter to "Estranged Labor" (1964, pp. 106-199). Why labor? Because man as maker, producer, and creator is denied his abilities, which is obviously true of the slave, and the peasant of the feudal era, but also of the "free" laborer under the institutions of capitalism. Production is not a free, creative activity. From the worker's perspective, productive efforts are a source of *disutility*. The worker's *wage* provides the utility. Man as laborer has no control over the fruits of his labor—he produces commodities that are designed, planned, organized, and owned by the capitalist employer, which are then thrown into the competitive market in search of profit. "If my own activity does not belong to me, if it is alien, a coerced activity," Marx writes, "to whom, then, does it belong?" "To a being *other* than myself. Who is this being?" Marx responds: "The *alien* being, to whom labor and the product of labor belongs, in whose service labor is done and for whose benefit the product of labor is provided, can only be *man* himself" (p. 115). In addition, labor and machinery are considered *substitute inputs* in the eyes of employers. But if man can be easily substituted by an inanimate piece of machinery in the workplace, what does that make of man as a creative being?

Man, as laborer, being treated like, and treating himself like, an unthinking thing—an exchangeable "good," a "commodity," an "input," must treat other men the same. Hostile class relationships result. And on top of that the market system is an alien, independent power, something beyond man's control. It is not only that labor is alienated under capitalism. All of us are: "man" is estranged from

"himself." "Estranged labor turns thus... *Man's species being*, both nature and his spiritual species property, into a being *alien* to him, into a *means* to his *individual existence*. It estranges from man his own body, as well as external nature and his spiritual essence, his *human being*" (p. 114). This is not some kind of psychological concept. Marx's concept of alienation and estrangement means that "man" is institutionally and structurally blocked from his full potential as a praxis being.

While alienation did not begin with the introduction of private property—the urge itself to want to separate "mine" from "thine" is probably the first cause of alienation—private property makes alienation structural and systemic. Private property becomes an *institution*.³ Marx's narrative runs from the primitive and ancient orders through feudalism to capitalism, his main focus. With the development of private property other institutions unfold over the long sweep of history—markets, money, the pricing system, rules and laws that legitimate and enforce private property rights, commodification and market exchange, the introduction of the factory system and boss-worker relationships, in short, the economic base of capitalism, with its own class antagonisms and crises. Marx uses the method of dialectical materialism to examine these institutional changes through time, with his concept of man as a praxis being as its foundation (cf. Marcuse 1932) and, recalling Marković above, as the benchmark of his social criticism. His philosophical anthropology drives his dialectical critique.⁴

Marx certainly recognizes that capitalism is an unplanned order—a spontaneous order, if you will—driven by the lure of profit and the punishment of loss, allegedly coordinated by a Smithian invisible hand, and he's horrified by what he sees. While there's detailed planning within each capitalist enterprise (which he finds exploitative and thereby problematic in itself), the overall system of the social division of labor and commodity exchange is out of peoples' full control. Man's ability to freely shape his circumstances and collective being is most severely blocked under the institutions of capitalism, he is estranged from his full praxis potential, he fails to realize what he is and can be.

(R)EVOLUTION AND INSTITUTIONS: WHAT PEOPLE CAN AND CANNOT ACCOMPLISH

In forming his philosophical anthropology, Hayek stands in the present and looks back to the empirical past; Marx stands in the present and looks both to the past and forward to an imagined future. Hayek views the person as

an institutional being, critically dependent for his material well-being on acts of cooperation with anonymous others, today, within a largely unplanned and emergent commercial order; Marx sees man as a collectivity that has the potential to rationally design and organize social and economic institutions, but finds himself currently lost in the anarchic sea of capitalist commodification. Hayek applies his philosophical anthropology to examine the long sweep of history, in part, using a Lamarckian approach to cultural evolution; Marx uses the dialectic. Hayek seeks to preserve the institutions of private property and the market order that have evolved over the millennia; Marx seeks to destroy them. Hayek offers a largely dispassionate analysis; Marx is much more exciting.

Who is correct? Now it may be that both are wrong. Marx's dialectical materialism is loaded with problems that I don't need to discuss here. But, also, Hayek's theory of cultural evolution has its critics. Boettke carefully defends Hayek against these criticisms (2018, pp. 186-91), but even if Hayek's cultural evolution theory is problematic, I don't see the difference between he and Marx as a debate over methods and methodology *alone*. Nor do I see it as a simple difference between ideologies. The difference is epistemic, regarding both the uses and limits of our reason *and* the informational and communicative character of market institutions.

But I'll go further and suggest the key disagreement between Hayek and Marx is over their conception of the person, their conception of man—the core of their philosophical anthropology. So let's continue the discussion of Marx's conception of man as a praxis being just a little longer.

Marx's narrative sees man as alienated and estranged—i.e., blocked from realizing his praxis being under pre-socialist institutions. Now, alienation only makes sense in *this* context if praxis is a *potential and realizable possibility*, if we can actually employ our reason and, at some point, fully, freely, and creatively design, organize, and control economic and social institutions in a way that will deliver us, in Marx's words, from the realm of necessity to the realm of freedom.

It will take a revolution to do it. And we're well aware that Marx thinks it's dialectically inevitable. Socialism will overturn the economic institutions of capitalism, replacing private property, markets, commodification, money, prices, and so on (the very institutions which Hayek argues are necessary for cognitive orientation, freedom, and human flourishing) with the institutions of social ownership and some kind of comprehensive economic plan.⁵ Marx views

socialism (or communism) as a "reintegration," a "return of man to himself, the transcendence of human self-estrangement" (1964, p. 135). He goes in further detail:

Communism as the positive transcendence of private property, as human self-estrangement, and therefore as the real appropriation of the human essence by and for man; communism therefore as the complete return of man to himself as a social (i.e., human) being—a return become conscious, and accomplished within the entire wealth of previous development. [Communism] is the genuine resolution of the conflict between man and nature and between man and man—the true resolution of the strife of existence and essence, between objectification and self-confirmation, between freedom and necessity, between the individual and the species. Communism is the riddle of history solved, and it knows itself to be the solution. The entire movement of history is, therefore, both its actual act of genesis (the birth act of its empirical existence) and also for its thinking consciousness the comprehended and known process of its becoming (Ibid.).

"Man" can only become "himself" when he designs institutions to fit his will. Under the *appropriately planned* system, alienation and estrangement will finally come to an end. The emergent order of commercial society will be abolished. Marx is certain of it. The antagonism within "man" will finally end under full-blown socialism. A unity will occur. Man returns to himself, man will truly be what he can and must be: a collective that freely and comprehensively designs, plans, and coordinates a modern, non-private property, non-market based order, in a way that creates material abundance and human flourishing. That *is* man the praxis being at work. That is the essence of Marx's conception of man. That is the core of Marx's philosophical anthropology.

And it is precisely here that Marx fails. If Hayek (and Mises before him) are correct when they argue comprehensive planning faces insurmountable calculation and knowledge problems that lead to failure (which readers of this journal are probably well aware of and I need not repeat here; see Boettke's (2018) discussion on pp. 119-37, and 141-46), it is not only that Marx suffers from an "abuse of reason." Marx's concept of man as a praxis being—as Marx himself understands and articulates it—is *false*. "Man" is *not* a collectivity that can and will successfully plan a modern economy which will lead us to a realm of freedom.

If comprehensive planning is epistemically impossible, it does not imply that man *cannot* “return to himself”—as if people would then be permanently alienated in a market economy, that we must somehow accept alienation as a fact of life. It implies that Marx’s own notions of “man” and “himself,” “alienation” and “estrangement,” are fundamentally flawed. There is no “himself” to return to.⁶

Marx forms man in the image of a collectivity that comprehensively plans the economy. To the extent that we are not dialectically moving through history towards a Marxist heavenly realm of freedom—a comprehensively planned economy—the story is problematic, at best. But worse, to the extent that we in fact cannot comprehensively plan an economy, then Marx’s substitute for God—the praxis being—does not exist, and Marx’s *own* conception of “alienation” and “estrangement”—like the Christian’s own conception of “sin” should God not exist—is fundamentally flawed. If socialist planning cannot work, we are not “stuck with” or “condemned to” alienation in Marx’s sense. While there are very real problems in capitalism—and real-existing socialism -- Marx’s *own* concept of alienation as an estrangement from an alleged praxis being would have to be abandoned and replaced by something else. His philosophical anthropology just doesn’t work.

ON GRAND NARRATIVES, MARXIAN AND HAYEKIAN

Marx floundered with his conception of human beings, and used it as a foundation for a totalistic theory of society and revolution. As persuasive as it once was among many, it fails as a Grand Narrative.

After reading Peter Boettke’s presentation of Hayek, he implicitly (if unintentionally) suggests Hayek formed a grand narrative of his own. Hayek’s four phases are threaded into a coherent whole, which Boettke then parades as having contemporary political relevance as an *emancipation project*. Boettke argues:

The challenges of a globalized world are not new, just as fear of the “other” is not a new challenge to true liberalism. As Hayek pointed out repeatedly, the moral intuitions that are the product of our evolutionary past, which are largely in-group morals, often conflict with the moral requirements of the great globalized society [my remark: perhaps Hayek himself actually has some kind of *backward-looking* “estrangement” concept of his own at work here!]. We, as true liberal

radicals, and in our capacity as scholarly students of civilization, as teachers of political economy and social philosophy, and as writers and public intellectuals, must aid in the cultivation of more mature moral intuitions if the tremendous benefits of the great society are to be sustained (2018, p. 259).

Moreover:

The true liberal mind-set ... is one of cultivating and unleashing the creative powers of a free civilization. It is one that celebrates human diversity in skills, talents, and beliefs and seeks to learn constantly from this smorgasbord of human delights. Liberalism is, in theory and in practice, about emancipating individuals from the bonds of oppression (Ibid., p. 261).

Can it be, that by not espousing the total destruction of modern capitalistic institutions, Hayek’s quest for a complete social theory—one that runs from his philosophy of mind through the speculative and historical examination of cultural evolution to the great questions of constitutional democracy and comparative political economy, and one that calls for a vision of a liberal utopia of its own—can it be that Hayek’s lifework fully and successfully avoids the problems we have seen in Marx and others? In short, does Hayek save the modernist project of the grand narrative from its own self-destruction?

NOTES

- 1 There is also a straightforward error of omission: Boettke acknowledges Hayek’s book, *The Sensory Order* ([1952] 1963) on pp. 16 and 306, but he does not discuss it at all, even though there has been a growing literature on the subject: Butos (2010) and Marsh (2011), for example, which link Hayek’s philosophy of mind with his social theory.
- 2 Yes, this is the same Mihailo Marković who overturned his lifework regarding Marxist humanism and internationalism and became the key propagandist for Slobodan Milošević’s nationalist campaign in Serbia during the early 1990s.
- 3 Marx: “though private property appears to be the source, the cause of alienated labor, it is rather its consequence, just as the gods are originally not the cause but the effect of man’s intellectual confusion. Later this relationship becomes reciprocal” (p. 117).

- 4 Althusser (1967) argues that there is a grand “epistemological break” between Marx of the 1844 Manuscripts and Marx of Capital, in which the mature Marx abandoned the praxis philosophy project of the earlier Marx. I (and others who emphasize Marx’s praxis philosophy) see the same theme of alienation and estrangement continuing even though he generally doesn’t use the term (preferring “commodity fetishism,” “reification,” and other similar concepts) in his later discussions of commodities in *A Contribution to the Critique of Political Economy* (1981 [1859]) and chapter 1 of volume I of *Capital* (1906 [1867]). In fact, Marx brings the language back in and speaks of labor being alienated from its product, facing an alien will, etc., in *Grundrisse* (1973, pp. 452-71), which was written after the third volume of *Capital*, and remained unpublished until 1939. For more on the centrality of praxis philosophy and the corresponding concept of alienation in Marx, see Fromm (2004 [1961]), Petrović (1967), Stojanović (1973), and Marković (1974).
- 5 There has been some debate over whether Marx conceived the comprehensive plan as being centralized or decentralized. See Prychitko (1991; 2002, chapters 2-6). The important point for my purposes here is that the plan is comprehensive in nature, completely abolishing market institutions and processes.
- 6 Allow me to offer an analogy. Consider the Christian concept of sin, sin as some kind of separation from God, and through the salvation of Jesus sinners will ultimately join God in heaven. Now, for the sake of argument, what would become of *this particular* concept of “sin” if God didn’t exist? What would become of the many Christian narratives of a group of “fallen” people who will be saved? Would we be “stuck” in a world of sin, *considered as a separation from God*, if God doesn’t exist? Without God, the whole concept of “sin” would have to be fully reconsidered, if not abandoned. (On the other hand, if God doesn’t exist it does not imply that evil, and so on, no longer exist. Evil is real. But it would have to be examined in a different way.) Also, and more broadly, consider Teilhard’s (2008) narrative that human history itself is evolving toward a union with God. If God doesn’t exist, his narrative would be fundamentally flawed at its core. That much would be obvious.

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