

Committee 3  
Values and the Social Order:  
Order by Rules and Rules by Order

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VALUES, PREFERENCES AND EVOLUTION

by

Angelo M. Petroni  
Professor of Philosophy  
University of Calabria, and  
Director, "Centro Einaudi"  
Torin, ITALY

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## 0 ■ Methodological and Political Individualism

One of the most important methodological issues in the fields of the social sciences is the relationship between *individualistic* and *holistic* theories. As is well-known, standard microeconomics seems to be the only well-established view in the social sciences that agrees completely and consistently with methodological individualism. All the rest of the social sciences seem to be inextricably linked to a holistic view – in anyone of its many versions. (1)

This situation is especially true when we come to the problem of *cultural evolution*. If anything, the very concept of culture is considered by the mainstream of social sciences as self-evident proof of the fact that social sciences must be grounded in super-individual concepts.

The same is *a fortiori* true of the concept of cultural evolution. As a matter of fact, it is assumed that the very concept of evolution is something that by definition goes beyond the single individual, or any delimited set of individuals. What evolution concerns is such things as *rules*, or *values*, not single individuals or groups of individuals.

All these methodological issues have far-reaching consequences as far as the normative views of man and societies are concerned. As a matter of fact, although there is no logical implication between methodological and political individualism, it is well-known that it is very difficult to consistently hold a political individualistic position if one is unable to show that the social (and political) reality cannot be explained on the basis of an individualistic view.

This is the basic reason why I believe that it is very important, in order to defend a Liberal point of view, to be able to show that cultural evolution can be completely explained in accordance with the basic principles of methodological individualism. Perhaps it is not wrong to say that this is the most difficult task for those who accept the individualistic point of view. As a matter of fact, as long as we take exclusively into consideration the *static* dimension of the social world (as happens, for example, in the "pure logic of choice" as expressed in the microeconomic theory), then it is easy to argue in favour of methodological individualism *and* to show that methodological individualism is linked almost inextricably to an individualistic view of man. For example, it is easy to show that if individuals are not free (in the "negative" sense of the term), then any concept of choice is simply impossible.

But the picture differs considerably if we take into consideration the evolutionary dimension. No microeconomic theory has anything to say about how the preferences of the single individuals

change. Moreover, it can say nothing about how *new* preferences arise and are spread through a given population.

Many economists have been tempted by a kind of "division of labour". That is to say, explaining preference formation and change is the task of sociologists and anthropologists. I am afraid that this is nothing but a recipe for disaster. For the mainstream of sociology – and even more of anthropology – simply denies that methodological individualism is a sound view of man and society. *A fortiori* it rejects the very idea that rational choice theory is an adequate view of human action. After all, the few sociologists, such as the late James Coleman, that adhere to methodological individualism base the essential substance of their view on the validity of microeconomic models!

As is well-known, Friedrich von Hayek has been much criticised for considering that an evolutionary point of view was essential for liberalism. I believe that it is true that most of his Liberal fellows finally regretted that his views changed from *The Constitution of Liberty* to *The Fatal Conceit*. I believe they are wrong. Even if it is probably true that such works as *Law, Legislation and Liberty* and *The Fatal Conceit* raise more questions than they are able to solve, Hayek addressed a problem that it is crucial not only for the social sciences but also for the liberal point of view. (2) It cannot be put aside by arguing that it is not as clear and as "clean" as the well-delimited questions that methodological (and political) individualists are used to dealing with.

## 1 ■ A Model for Cultural Evolution

Is it possible to conceive an evolutionary process of (moral) rules of behaviour which is consistent both with the principles of methodological individualism and with negative liberty? Despite the fact that the prevalent opinion seems to go against this possibility, I believe that a model is possible which satisfies these conditions.

Let us consider a model where there are three postulates:

1. A set of individual actions  $a_1 \dots a_n$  performed by a set of individuals  $i_1 \dots i_n$
2. A mechanism whereby a subset of individuals can perform the same kind of action already performed by another subset of individuals
3. A mechanism which discriminates between all subsets of individuals according to the kind of action performed.

If the condition is added that the descriptions of the actions have the form of law-like statements, then we can speak of *rule-selection*. (If one is an ontological individualist, rules do not *exist*. Only individual actions and dispositions exist. There is no need to recall here that ontological individualism is a necessary – albeit not a sufficient – condition for methodological individualism.) If the subsets of individuals contain more than one member then we can speak of *group-selection*.

Postulates 1-3 are perfectly consistent with the neo-Darwinian model of biological evolution, which is composed by (a) a generator of mutation of characters; (b) a process of retention and/or propagation of characters; (c) natural selection. However, conditions 1-3 do not necessarily imply the "blind-variation-and-selective-retention" of the neo-Darwinian model. (3) As a matter of fact, conditions 1-2 do not necessarily imply either the assumption of blind variations or the assumption that only innate (genetic) characters are transmitted. Postulate 1 may be further specified by adding that actions are *intentional* (or goal-directed). Postulate 2 may be further specified by adding that (a) kinds of actions can be transmitted to the offspring by mechanisms other than genetic transmission (e.g., *learning* processes), and (b) kinds of actions can be performed by subsets of individuals other than the "original" ones (or their offspring) by mechanisms that imply intentionality (e.g., *conscious imitation*). These two specifications allow for the concept of *cultural* selection.

If these specifications are added, then we have a description of the features of a *Lamarckian model of cultural evolution of rules of conduct*. Strictly speaking, the specification added to postulate 1, and the specification (a) to postulate 2 are *each* a sufficient condition for saying that the evolutionary model is not a (neo) Darwinian one.

## 2 ■ Cultural Evolution and Methodological Individualism

By definition, what distinguishes cultural evolution from biological evolution is the fact that cultural elements, and not just physical elements, are involved. (Of course, for old-fashioned behaviourists as well as for hard-line sociobiologists there is no reason to make any difference, and consequently there is not much room to regard cultural evolution as being anything different from biological/genetic evolution.) Methodological individualists conceive culture not as an entity independent from individuals, but simply as the result of the interaction of a great number of

individuals over a long series of generations. The complexity of culture never justifies any concept of the *emergence* of supra-individual entities. (By the way, this is the reason why Karl Popper's concept of a "Third World" is at odds with methodological individualism when used outside the field of scientific knowledge – particularly, mathematics – and above all without appropriate justifications.) As a consequence, the fact that we use the concept of *cultural evolution per se* does not imply that any holistic perspective has to be assumed.

In our reconstruction, the property of "cultural" attributed to evolution depends on specifications (a) and (b) to postulate 2. It is almost a truism to say that culture depends on interaction between individuals, and could not be the property of Adam before Eve appeared. And the relevance of some culturally evolved rules of conduct often rests upon the fact that a large number of interacting individuals ("the group") will share them. The rules of conduct respecting several property are a good example of this point: if only a very small part of the individuals respect these rules neither they nor the others will receive many benefits. This is exactly the point at stake here. It was often said that the primacy in explanation is shifted from the individuals to the group. The claim is justified neither in "cultural" nor "group" terms. When a methodological individualist uses this concept, he means simply that a set of individuals share some given properties. (The very concept of "property" stands for nothing other than individuals' attributes of course.) There *are* no more groups than there are rules. When some of these properties fall under the mechanism of selection, it may be assumed (under standard conditions) that all individuals who possess a given property (or a given set of properties) are (positively or negatively) selected. Therefore, *group selection means nothing more than individuals' selection* – the selection of individuals who have properties relevant to the specific mechanism of selection which is taking place. The fact that individuals possess many different properties at the same time explains why, in the evolutionary process, some members of a given group may escape the negative selection that their fellows underwent: for example, because they are better gifted for adopting the rules of conduct of a successful group. If we say that the groups which adopted the rules of conduct of the respect of several properties prevailed over other groups adopting different rules, we would not need to assume any holistic concept any more than we would need to do when we say that the firms which produced a given *kind* of good prevailed over other firms which produced a different kind of good. ("Firm selection" is itself a form of cultural selection). (4)

In other terms, in cultural evolution the groups are *defined* by the acceptance of a given rule or set of rules. This is the radical difference between our model of cultural evolution and the *sociobiological* views. As a matter of fact, sociobiologists define groups in terms of the sharing of

some "genetic pool". As a consequence, the ontological as well as the methodological primacy is far away from individuals and individual properties. (5)

### 3 ■ Cultural Evolution and the Value of Liberty

Liberty is the basic value of any society that respects individuals *qua* individuals. It is therefore essential to show that cultural evolution is fully compatible with it. Here again, despite contrary opinions, it may be proved that liberty and evolution do not oppose each other, but are *causally* linked.

Evolution "starts" from variation: that is, from new individual actions. This means that individuals must enjoy a sphere of non-interference, in which they are not *completely* bounded by the existing (social) rules of conduct. The larger this sphere, the larger the possibility of innovative behaviour. This holds even if one assumes that the evolution of the rules of conduct for the population at large originates from a small group of individuals enjoying a condition of supremacy over the others, because the condition of their behaviour is that they are negatively free. According to von Hayek's conjectural historical reconstruction of the path from the morals of the tribe to the morals of the Great Society "[...] evolution [was] made possible mostly by relaxation of prohibitions: an evolution of individual freedom [...]". (6) And, as it holds for other elements of cultural evolution, the role given to liberty does not imply that man adopted it because he was aware of its beneficial consequences. As Hayek puts it, "[...] we have *not* adopted freedom because we understood what benefits it would bring: [...] we have *not* designed, and certainly were not intelligent enough to design, the order which we now have learned partly to understand long after we had plenty of opportunity to see how it worked". (7) But of course our point is a theoretical, not a historical, one. It holds independently from the specific conjectural description of the evolutionary path that brought us to the Great Society. *As long as there is (cultural) evolution, there must be liberty.*

By contrast, no theoretical implication can be established between liberty and the spreading of rules of conduct. Neither propagation nor selection necessarily implies that the adoption of new rules is the result of uncoerced actions. Here again the history of socialism in our century represents sufficient proof of the fact. Of course, that such an implication is missing does not mean that we do not have theoretical and historical arguments in favour of the fact that new

rules of conduct will spread more rapidly and will tend to have a higher survival rate, if their adoption results from uncoerced acceptance by individuals – that is to say, from the fact that they agree with individuals' preferences. If we refer to the moral rules of the Great Society, their linkages to voluntary acceptance seem to be much more than a matter of historical accident, since it is hard to give empirical substance to the (theoretically possible) idea that rules grounded in individual liberty can be made to be adopted by *systematic* coercion. However, the numerous attempts – from Karl Polanyi to more recent "liberal" thinkers – to prove that property rights and markets at large did *originate* from systematic state intervention (as opposed to public protection of previously existing rights and markets) clearly shows that we are faced here with an empirical issue.

This is the reason why we should give the highest importance to the work of such scholars as Bruno Leoni, who tried to show that the fundamental legal rules of the Great Society were not *de facto* the result of the coercive power of political bodies, but of free interaction of individuals over many generations. Leoni was able to organise the evidence from legal history into a coherent evolutionary view. I believe that it could be shown that this view fits quite well in the Lamarckian evolutionary model that I outlined, and in many respects it is superior to von Hayek's evolutionary view.

The role given by Leoni to the concept of liberty is extremely interesting for our purposes. As a matter of fact, Leoni's work shows that without liberty we would have neither the law as western civilisation has developed it, nor the market, nor constitutional political institutions. This gives to the concept of liberty an empirical dimension which goes far beyond a pure "choice" in favour of the "value" of liberty – and without the logical "big divide" between facts and values being violated at all. (8)

We should always be very careful in distinguishing the problem of the internal coherence and empirical adequacy of any theory of cultural evolution which satisfies the postulates of our model from the question of its compatibility with value standpoints such as liberty. The descriptive content (be it true or false) of such a theory rests not only on the validity of its basic postulates – the postulates of a Lamarckian model of cultural evolution – but also on the specific empirical assumptions which go beyond the model itself. The fact that liberty may be shown to be one of the elements of the theory (or rather of the model, given that it is implied by the very concept of variation) does not mean that the overall process of evolution must necessarily be directed *towards* an expansion of liberty – no more than it is directed towards any state of things whatsoever. Whether this will hold or not will depend upon empirical and independent

conditions. We have no reason to believe – as several historicist liberal thinkers of the 19th and early 20th century did – that "History is the history of liberty". Almost no product of social evolution (or "spontaneous orders" in the descriptive sense of the term) is the result of a process in which liberty was always respected.

However, the aim of any normative political and moral theory is not to show that reality always goes the way the theory prescribes. The aim of a normative theory is to show how reality *could* go the way the principles of the theory prescribe without clashing with well-established nomic necessities referring to the nature of men or to the nature of things. And this is exactly what can be done, and what is relevant for defending a Liberal view of social order.

#### 4 ■ Evolution and Non-Coercive Orders

If I am right, then the conclusion can be drawn that *cultural evolution is maximised by acceptance of non-coercive over coercive orders*: that is to say, acceptance of kinds of orders that are founded on respect of negative liberty.

However, the causal links between evolution and values is not unidirectional. Respect of the value of liberty is the condition for the maximisation (and even the existence) of cultural evolution. But at the same time *the existence of an efficient system of cultural evolution is the necessary (albeit not a sufficient) condition in order that new values emerge and spread amongst the population.*

An interesting point emerges here: from an individualistic point of view, what is the content of the concept of "value"? If one rejects any holistic point of view (explicit or implicit) then it seems to be necessary to conclude that values are nothing but *stable and widely-accepted preferences*. This means that the following conditions must hold:

- ① The single individuals must own the given preference (or set of preferences) for a sufficiently long period;
- ② The order of this preference in the individual's ranking must be high, and at any rate consistently higher than the greatest part of his other preferences;
- ③ The fact of holding this preference has the consequence that the ranking of a relevant part of the individual's preferences is determined by it;
- ④ This preference is shared by a statistically relevant part of a given population.



In my opinion, these four joint conditions provide for an *explicatum* of the concept of value that is strong enough to account for all its legitimate uses in the social sciences (if not in philosophy). Furthermore, they allow for unified view, in purely individualistic terms, of values, cultural evolution and free social orders.

## 5 ■ Conclusion

I fear that some of my fellow social scientists may think that all my paper contains is definitions, and that I have brought no evidence that cultural evolution actually follows the model I outline. They are right. All that philosophy can do is to clarify concepts, and to analyse the logical structures of the scientific discourse. It is no substitute for empirical research. However, empirical research will do little good if the basic concepts which are employed are confused or contradictory. The inadequacy of the social sciences at large in explaining social reality is hardly lack of empirical research. This may be a good reminder for our Liberal fellows who have been so deeply permeated by a Positivistic point of view as to forget that Liberalism is a normative theory of man and society no less than it is a scientific point of view on the actual working of the economy and the market at large. Admittedly, a descriptive point of view is logically independent from a normative point of view. But since there is no sound explanation of social phenomena that can avoid referring to individual preferences, the logical distinction between "facts" and "values" should not be transformed into the Neo-Positivistic thesis that values are in a realm ontologically and – above all – methodologically separate.

If anything, the intellectual superiority of Liberalism over the other ideologies precisely lies in its superior capacity to link in a coherent and empirically adequate way the realm of facts and the realm of values.

## Notes

(1) See my *L'individualisme méthodologique*, «Journal des Economistes et des Etudes Humaines», II (1991), n. 1, pp. 25-62.

(2) For an examination of Hayek's evolutionary theory, see my *What is Right with Hayek's Ethical Theory*, «Revue européenne des sciences sociales», XXXIII (1995), n. 100, pp. 89-126. My overall view is that Hayek's theory is fully consistent with methodological individualism, despite the fact that he often uses a holistic terminology.

(3) Cf. D. T. Campbell, *Evolutionary Epistemology*, in P. A. Schilpp (ed), *The Philosophy of Karl Popper*, 2 vols. La Salle (Ill.), Open Court, 1974, pp. 413-463; p. 421.

(4) See Armen A. Alchian's seminal paper *Uncertainty, Evolution and Economic Theory* [1950], now in *Economic Forces at Work*, Indianapolis, LibertyPress, 1977, pp. 15-35. The fact that the mechanism of evolution, when large numbers and long periods of time are involved, may be treated by the economist as if it were a Darwinian one, does not imply that individuals do not have a purposive objective-seeking behaviour (including imitation of others' successful behaviour).

(5) See, for example, the classical analyses by Edward Wilson in *Sociobiology: The New Synthesis*, Cambridge (Mass.), Harvard University Press, 1975. From the methodological point of view, sociobiology is in a very strange situation. On the one hand, sociobiology is a reductionistic view of society and societal laws. But, on the other hand, its assumption that genetic pools (and *not* the genes making up the *single* individuals) have the ontological and explanatory primacy is tantamount to denying the basic tenets of methodological individualism.

(6) F. A. von Hayek, *Law, Legislation and Liberty*, 3 vols., London, Routledge and Kegan Paul, 1973, 1976, 1979; vol. 3, p. 161.

(7) F. A. von Hayek, *Foreword* to L. von Mises, *Socialism*, Indianapolis, LibertyClassics, 1981, pp. xix-xxiv; pp. xxiii-xxiv.

(8) On this point, see my *Le legs de Hayek*, «Journal des Economistes et des Etudes Humaines», III (1992), n. 4, pp. 477-492, as well as my comments on Arthur Kemp's lecture *The Legacy of Bruno Leoni* at the 1986 General Meeting of the Mont Pèlerin Society (St. Vincent).