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Discussion Paper

by

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on

John N. Gray's

THE IDEA OF A SPONTANEOUS ORDER AND THE UNITY OF THE SCIENCES

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It is, I fear, possible for Discussants to take up only two or three points from Dr John Gray's wide-ranging and exciting paper. And it is perhaps unfortunate that, in his ambition to traverse a vast amount of ground, he has had to move both fast and at a high level of abstraction. So, before starting to pick my more particular chosen bones, I shall put in general what our colleagues from the Continent of Europe will identify as a typically British objection. It is that in studying Dr Gray's paper I was all the time wishing that he would present us with some concrete and actual cases: both to spell out just what is the cash-value of what was being said; and to put some of the more speculative suggestions to the test of instances.

For instance: I longed to be shown, by reference to some particular examples, how it can be "that the project of the replacement of spontaneously evolved judge-made law by centralized legislation is ... in the end as much of a practical impossibility as the project of supplanting market processes by economic planning" (p.6). Both these claims about supposed practical impossibilities require, surely, a deal of sympathetic elucidation if they are not to be put down and out as so much sophisticated self-deception? If it happens, then - as Aristotle once remarked - it must be possible. But successive British parliaments, especially the most recent Labour parliaments, have in fact by statute removed many Common Law rights; while an enormous amount of what at last looks like market-independent economic planning, regrettably, does go on.

Now for my chosen more particular bones of contention. I propose to challenge Dr Gray on two issues. The first and less important is one in which he seems, even if reluctantly, inclined to follow a mistaken lead from Robert Nozick. This involves

indicating an objection against Hayek which turns out to be altogether baseless. The second, much more fundamental challenge concerns something about which both Hayek and Gray are, I think, equally wrong-headed. The obnoxious Nozick suggestion is: "that invisible hand explanation cannot be methodologically individualist" (p.20). The allegedly wrong-headed Hayek-Gray thesis is: "that the natural selection of rival rules of action and perception is the mechanism of cultural evolution" (p.19).

Against the first of these two contentions my tactics will be to examine that never too often quoted paragraph from The Wealth of Nations - the paragraph which ought to constitute everyone's paradigm case of an invisible hand explanation. If only Nozick himself had gone back to this fount and origin of the whole idea, he scarcely could have continued to cherish scruples about its supposed taint of methodological holism. It is much the same with the second contention. When we go back to Darwin we are forced to recall that, unlike the brutes and unlike plants, we can, and cannot but, make choices. Any account of evolution at or beyond the human level has, therefore, to admit: not only natural selection; but also actual choices and their outcomes. As we shall soon be reminding ourselves, "Darwin's natural selection" is no more a sort of selection than Smith's "invisible hand" is a kind of hand.

2. That often quoted, but still more often merely mentioned and misunderstood paragraph of Adam Smith runs: "But it is only for the sake of profit that any man employs a capital in the support of industry; and he will always, therefore, endeavour to employ it in the support of that industry of which the produce is likely to be of

the greatest value ... But the annual revenue of every society is always precisely equal to the exchangeable value of the whole annual produce ..., or rather is precisely the same thing with that exchangeable value. As every individual, therefore, endeavours as much as he can both to employ his capital ... and so to direct ... that its produce may be of the greatest value; every individual necessarily labours to render the annual revenue of the society as great as he can. He generally, indeed, neither intends to promote the public interest, nor knows how much he is promoting it ... he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for society that it was no part of it. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it. I have never known much good done by those who affected to trade for the public ... " (The Wealth of Nations, IV (ii)).

Many things need to be said about this epoch-marking passage; and said again and again. (1) But for our narrowest present purposes the point to be made, and with all possible emphasis underlined, is that Smith is not making a superstitious and anti-scientific appeal to supernatural intervention. Smith's "invisible hand" is precisely not the Invisible Hand of one All-wise, All-powerful, directing and controlling Providence. On the contrary: this text is, as Hayek has laboured to teach us, (2) one of the chief landmarks in the history of the social sciences. For - almost a century before Darwin - Smith was here uncovering a mechanism by which something strongly suggesting design might come about, indeed must come about, quite spontaneously and without direction.

Nor is there any holistic mystery about the way in which, through

the operations of such a capital market, increases of wealth in the society emerge as the unintended results of intended actions by the individual participants. Their individual conduct is to be explained in terms of their trying, in the light of whatever information is available to them, to achieve their own individual objectives. The collective outcome, the unintended serving of a public interest, is explained in terms of the several individually intelligible actions and interactions of these individuals: there is no call to refer to any postulated social wholes summing to more than their component parts.

Finally, that these particular, private and pluralistic economic arrangements must tend to maximize the collective wealth comes out clearly just so soon as we compare them with actual or proposed alternatives. It is, Smith thinks, a matter, not so much of the fuller information available to, as of the relevant interests of, the participants. Put in marginally more modern terms, the nub of his argument is that the most productive, the most wealth-creating, the most economically efficient investment decisions are likely to be made by persons who have some large and direct personal interest in achieving the most satisfactory combination of the maximum security of, and the maximum return on, the capital employed. Also, where and in so far as people are - as Smith nicely puts it - "investing their own capitals", the unsuccessful will, to the extent that they have made bad investments, be eliminated from the making of further investment decisions, while the successful will, by a parallel necessity, be enabled to proceed to further and hopefully greater successes. Smith himself appears not to have seized this powerful point about feedback, although it must be of the last importance in any consideration of alternative ways of providing for the taking of economic initiatives.

What then is the going alternative to having such initiatives taken - to having, that is, investment and disinvestment decisions made - by persons harbouring direct and strong individual interests in the security of the capital employed and the maximization of the returns on that capital? It is an alternative of which we British have in recent years had altogether too much impoverishing experience. It consists in having such decisions, and especially the biggest, made by, or having them somehow emerge from the interactions of, various individuals and groups whose common characteristic is that they are not merely not expected to have, but are even expected and required not to have, any individual stake in the achieving of the maximum, or indeed any, return on the capital employed. Being human - like the definitionally grasping capitalists of socialist demonology, and, if truth be told, like the rest of us as well - all such persons are much inclined to strive to maximize their own utilities; or, for those who prefer the jargon of Mr Damon Runyon to that of the economists, (3) to do the best they can for themselves and for their families. The trouble is that these political and personal utilities are very little connected with, if not more or less directly opposed to, the direction of tax or printed moneys into all and only those investments which will prove to be maximally wealth-creating. I could, but here and now and for once will not, many such tales unfold - tales, that is, of what were the actual motivations of various major, wealth-destroying, British public investment decisions.

^{3.} So much, therefore, for the suggestion that to admit "invisible hand" explanations must be to abandon methodological individualism.

We turn now to what Dr Gray concludes is the single most important outcome of his explorations. It is "that the thesis that cultural evolution proceeds by natural selection ... intimates a research programme well worth undertaking ..." (p.23). My own, countercontention is that this is a sensible research programme only if it is all the while recognized that there may be and indeed is at this human level as much or more actual selection.

The best approach is again from descriptions of a landmark in the history of ideas. Darwin tells us how, in Octrober 1838, "I happened to read for amusement Malthus On Population, and, being well prepared to appreciate the struggle for existence which everywhere goes on, from long-continued observation of the habits of animals and plants, it at once struck me that under these circumstances favourable variations would tend to be preserved and unfavourable ones to be destroyed." (4)

Malthus had written: "Elevated as man is above all other animals by his intellectual faculties, it is not to be supposed that the physical laws to which he is subjected should be essentially different from those which are observed to prevail in other parts of animated nature"; and, again, "... all animals, according to the known laws by which they are produced, must have a capacity of increasing in geometrical progression." These two quotations are drawn from his final statement of his theoretical position. Yet even here Malthus was not as clear as he should have been about the crucial difference: between the case of the plants and the brutes, which have a natural tendency to multiply, a natural and necessary tendency which can be checked only by other natural or human forces; and the case of human populations, where the power to multiply is a power to multiply or not, as we severally choose. Darwin by contrast seems

origin of Species he writes: "A struggle for existence inevitably follows from the high rate at which all organic beings tend to increase ... as more individuals are produced than can possibly survive, there must in every case be a struggle for existence, either one individual with another of the same species, or with the individuals of distinct species, or with the physical conditions of life. This is the doctrine of Malthus applied with manifold force to the whole animal and vegetable kingdom; for in this case there can be no ... prudential restraint from marriage."

Since the whole conception of natural selection involves a creative extension of the idea of (what must now perhaps be qualified as artificial or actual) selection, Darwin could not but from the beginning be aware that some at least of the evolution of some few species cannot be accounted for solely in terms of that new conception. (He was after all throughout his life a countryman, himself actively involved during the Down House years in the selective breeding of pigeons.) In the context of the Origin artificial, or, if you like, non-natural selection is a very minor phenomenon. But when we turn to human affairs it is quite a different matter.

No doubt there is some natural selection which accounts for some of "the persistence and development of spontaneous orders" (p.4). No doubt too there is some "natural selection of competing social rules." Certainly - as was early and sourly remarked by Marx - "In the case of the capitalist market economy, there is a real analogy with Darwinian selection, in that the profit-and-loss system provides a mechanism for the elimination of 'unfit' enterprises" (p.4). But then it has at once to be insisted that there is - alas - no similar mechanism automatically eliminating

nationalized dinosaurs, culling quangos, or winding down other government agencies and programmes. Such constructivist institutions are established and maintained by exercizes of political will and political power; and, although they most manifestly possess that Darwinian fitness to survive of which sheer indestructibility is the sole criterion, their survival as thus fit to survive is due to selection rather than to natural selection.

The relative unimportance here of anything properly describable as natural selection, and by comparison the overwhelming importance of the choices of people with power, can be brought out both most aptly and most depressingly by considering the continuing, resistable, but in general not effectively resisted, spread of Marxist-Leninist social systems. Since the imposition and maintenance of any such system involves the deliberate destruction of various sorts of spontaneous order, rather than any natural selection against such spontaneous orders, this is a process which cannot be described either simply or even at all in terms of a strictly natural selection.

There can be no question, surely, but that the outcome of the continuing world conflict between rival social systems has been, is being, and will be determined by human choices: by the unrelenting resolution of the Marxist-Leninists to realize through their actions what - in a flagrant but for them morale-raising inconsistency - both they and too many of their present and future victims see as a (Popperian) historicist natural necessity; in the acceptance by the rest of the world of the Brezhnev Doctrine that, whereas every non-socialist country is in the end to be made socialist, every Marxist-Leninist transformation must be forever irreversible; (9) in the refusal of free electorates and of elected governments to match the

sustained and systematic growth of Soviet military power; and so on? Of course precisely because it is a product of human decisions, the Marxist-Leninist drive to total and totalitarian world dominion could still be checked, and reversed; however unlikely it now is that in fact it is going to be.

I can think of no more appropriate or more salutary way of concluding this Comment than by quoting some robust and in the best sense rationalist concluding words from the Chapter 'Labour Unions and Employment' in The Constitution of Liberty. Hayek there speaks of a path "blocked ... by the most fatuous of all fashionable arguments, namely, 'that we cannot turn the clock back'. He continues: "One cannot help wondering whether those who habitually use this cliché are aware that it expresses the fatalistic belief that we cannot learn from our mistakes, the most abject admission that we are incapable of using our intelligence." Perhaps, however, it is not so much intelligence that is lacking as good old-fashioned strength of character - or, if you prefer, backbone and guts.

NOTES

- I have tried to say many of these things in 'The Invisible Hand', published in Quadrant (Sydney, NSW) in October 1981.

 I now have a later, fuller, and better version 'Social Science: Making Visible the Invisible Hands', which I hope to publish perhaps in the Proceedings of a future ICUS.
- 2) See especially Studies in Philosophy, Politics and Economics
 (London: Routledge and Kegan Paul, 1967), Chapter VI and New
 Studies (Ditto, 1978), Chapters XV and XVI.
- 3) D Runyon Runyon on Broadway (London: Constable, 1950).
- 4) The Autobiography of Charles Darwin, edited by Nora Barlow (London: Collins, 1958), p.120.
- 5) A Summary View of the Principle of Population, in D.V. Glass (Ed.) An Introduction to Malthus (London: Watts, 1953), pp. 121-2 and 123).
- 6) Compare my Introduction to the Penguin Classic Malthus on

 Population (Harmondsworth and Baltimore: Penguin Books, 1970),
 and the first two chapters of my A Rational Animal (Oxford:
 Clarendon, 1978).
- 7) The First Edition of <u>The Origin of Species</u> (Harmondsworth and Baltimore: Penguin Books, 1968), pp.116-7: emphasis added.
- 8) Compare my 'Human Choice and Historical Inevitability' in The Journal of Libertarian Studies, Vol. V, No. 4 (Fall 1981).
- 9) This ruinous doctrine is at present respected: not only within the Socialist Bloc proper; but also everywhere else even the Marxist-Leninist coups in such remote mini-states as the Seychelles, Grenada, and Surinam are to be forever immune to counter-revolution.
- 10) The Constitution of Liberty (London: Routledge and Kegan Paul, 1960), p.284.