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Does Classical Liberalism Imply an Evolutionary Approach to Policy-Making?

Jan Schnellenbach

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Does Classical Liberalism Imply an Evolutionary Approach to Policy-Making?*

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Abstract. This paper argues that an evolutionary approach to policy-making, which emphasizes openness to change and political variety, is particularly compatible with the central tenets of classical liberalism. The chief reasons are that classical liberalism acknowledges the ubiquity of uncertainty, as well as heterogeneity in preferences and beliefs, and generally embraces gradual social and economic change that arises from accidental variation rather than deliberate, large-scale planning. In contrast, our arguments cast doubt on a different claim, namely that classical liberalism is particularly compatible with the evolutionary biological heritage of humans.

Keywords: classical liberalism; evolution; Darwinism; economic policy; cultural evolution; institutional evolution.

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1. Introduction

The aim of this paper is to discuss the relationship between classical liberalism and thinking on evolutionary processes. The broad question posed in the title of the paper can be subdivided into at least three more specific questions: Should somebody who defines herself as a classical liberal also necessarily embrace an evolutionary approach to policy-making, where ‘evolutionary’ means that policies and institutions should emphasize an openness to change and adaptation to changing circumstances? Or does classical liberalism imply an evolutionary policy-making in the sense that politics should not intervene in the societal equivalent of processes of natural selection? Or, maybe, should classical liberal policies be evolutionary in the sense that they build on the biological heritage of humans and are more compatible with that heritage than non-liberal types of policies?

In order to discuss these questions, we will proceed as follows: In *Section 2*, three core elements of a classical liberal approach to policy-making will be discussed: (i) a neutrality of the state towards differing conceptions of the ‘good life’ that are held by the individuals, accompanied by a rejection of an organic view of social entities, as it can be found for example in welfare economics (ii) an emphasis on the openness of political processes, and (iii) a positive valuation of variety in policy-making. In *Section 3*, we briefly discuss the core characteristics of evolutionary processes in relation to classical liberalism. In *Section 4*, it is discussed (i) whether it can, as claimed by some authors, be plausibly argued that classical liberal policy-making is particularly compatible with the endowments that biological evolution has bestowed upon humans, (ii) whether there is a significant overlap between classical liberalism and “Social Darwinism”, and (iii) whether, and in what respect, classical liberals are likely favour an institutional framework that is conducive to evolutionary change in the political realm.

We will argue that the claim that a classical liberal policy – and only a classical liberal policy – is particularly compatible with the biological endowments of humans can be criticized on the grounds of variety in these endowments. We will, however, see that on a procedural level, an argument can be made that the classical liberal demand for institutions that secure citizen sovereignty implies that classical liberals will also favour institutions that facilitate evolutionary change in policy-making. While the emphasis of earlier contributions linking classical liberalism with evolutionary policy-making has been in particular on limited knowledge and learning, our emphasis in this paper is on heterogeneity and individual autonomy. Autonomy is relevant for classical liberals because they start from the premise that individuals are the only carriers of values and preferences, and that their voluntary consent is the benchmark to evaluate the legitimacy of private transactions as well as forms of social organization (Buchanan 1991). Therefore, the scope within which individuals can make decisions without being coerced or manipulated is of utmost importance to classical liberals.

2. Core elements of a classical liberal approach to policy-making

2.1 Rejection of an organic view of social organizations

Economic approaches to policy-making tend to be based upon an understanding of society as a whole as one large social organism, whose degree of success can be measured in one properly defined variable, such as social welfare, which is then to be maximized. This idea translates into actual policy-making by deriving, first, a general conceptual solution from a theoretical model and then, second, applying this conceptual solution to real-world economic problems. A standard economic textbook example can illustrate this. Consider the approach of normative welfare economics towards the problem of negative external effects in the tradition

of Pigou (1912). The simple and ingenious solution to the problem is to calculate the socially optimal level of an activity associated with negative externalities, and to introduce a tax on that activity which is exactly equal to its marginal cost at the optimal level.

Clearly, this idea of policy-making is organic in the sense that individual levels of welfare serve merely as inputs into the measure of aggregate social welfare, and can be traded off against each other by a benevolent social planner who maximizes the welfare of the imaginary, overarching social organism. At the other extreme of the economic analysis of externalities, Coase (1960) argues that an efficient decentralized solution is possible, albeit under the very heroic assumption of zero transaction costs. But knowing very well that a reduction of transaction costs to zero is impossible, an influential branch of the economic analysis of the law (e.g. Posner 2010), which is to be strictly distinguished from Coase's original contribution, resorts to the hope that judges take economic efficiency into account, and even consider it a priority in their decisions on externality problems. Now the judiciary is assigned the task of creating the preconditions for economic efficiency by producing a suitable case law (see Glaeser et al. (1991) and Eidenmüller (1995) for critical discussions).

It is instructive to contrast the Posnerian view with a classical liberal perspective on the law (e.g. Mestmäcker 2007). For example, Hayek (1973) argues forcefully that law is the subject of an open-ended evolutionary selection process that does not serve a specific purpose, such as the maximization of overall value generated in an economy during a given period of time. The only purpose of the law, for Hayek, is a very general one: To allow the coordination of individuals by enabling them to build relatively dependable expectations about the actions of other individuals. In this way, the law provides general rules that facilitate the coordination of individual actions and allow the emergence of a spontaneous order. From a different angle, but also in opposition to a purely efficiency-oriented perspective on judicial decision-making,

Buchanan (1974) advocates that either judges use intra-legal criteria instead of economic criteria in their decision-making – which would be in line with the Hayekian argument –, or that a democratically legitimized legislature passes the necessary laws. For Buchanan, economic efficiency can and should be a purpose of the law, but only insofar as the electorate consents.

Hayek and Buchanan represent two different classical liberal objections to the Pigovian and the Posnerian presumptions that governments can and should act as guarantors of economic efficiency: The former believes in the superiority of slowly-evolved general rules, and in institutional restraints that limit the scope for active legislation, while the latter refers to democratic procedures as sources of legitimacy and demands that the goals of policy-making are determined endogenously within these procedures. With this emphasis on a constrained government operating under a set of restricting general rules, a classical liberal alternative to an organic view of social organization is defined. The purpose of government is then not the attainment of a social optimum, however defined, but the provision and enforcement of an institutional framework that allows individuals to coordinate their plans and actions, without imposing seemingly superior, external values, preferences and conceptions of welfare on the individuals.

That view does not deny the existence of social problems that need to be solved on the societal level. But policies need to be approved by citizens who take into account real alternatives, rather than aspire for a utopian ideal of overall efficiency. For the externality example, this implies that rational individuals will, on the constitutional stage, pay close scrutiny to an actual problem involving negative externalities, and compare different kinds of costs associated with different available solutions (Buchanan and Tullock 1962). Can a problem be solved by individual action, such as corporate mergers? Can it be solved through

voluntary cooperation overcoming free-rider incentives (Ostrom 1990)? And if the government intervenes, what are the potential costs of collective organization?

From a point of view deeply rooted in welfare economics, it could be argued that this is no less a constructivist approach than welfare economics itself, because deciding on efficient rules at the constitutional level requires even more knowledge than the Pigovian approach, as it presupposes that individuals are able to anticipate the precise effects of entire systems of rules. However, already Vanberg and Buchanan (1989) have argued that constitutional deliberations will always include a discourse on constitutional theories. If a certain degree of theoretical uncertainty is present in constitutional deliberations, then this implies a potential for political learning through time, and for occasional reform efforts (e.g. Wegner 2004; Schnellenbach 2004). In other words, the classical liberal approach does not prescribe the construction of an efficient constitution starting with a *tabula rasa*, but rather a piecemeal process of learning and improvement, starting from where we are.

In spite of the differences between the classical liberal approaches discussed so far, some common ground can therefore be identified. The first important commonality is the rejection of the idea that some external notion of efficiency ought to be deliberately imposed from the outside, be it by Pigovian planners, or by judges or lawmakers giving unconditional priority to efficiency. The values that underlie constitutional rules and post-constitutional policy-making are negotiated between individuals themselves, rather than externally imposed. The second and closely related point is the conviction that a reasonable degree of efficiency, if it is to be achieved, follows from general rules that leave individuals ample scope to adjust autonomously to specific circumstances. Last but not least, the third and final point is a very modest assessment of the capacity of individuals and organizations to achieve efficiency through deliberate, case-by-case intervention (see also Vaughn 1996).

2.2 An emphasis on openness

One of the major distinguishing characteristics between classical liberalism and normative utilitarianism in economics is a conflict we have already discussed above: the conflict between the guiding principles of welfare-maximization on the one side, and individual autonomy on the other side. Saint-Paul (2011) has argued that the utilitarian perspective necessarily leads to the adoption of a paternalist attitude, where theoreticians and policy-makers alike are driven by the motivation to maximize overall welfare through discretionary interventions. He offers an alternative in making a deontological argument for individual liberty to be recognized by social scientists as a value in itself, regardless of utilitarian consequences.

Saint-Paul's evaluation of utilitarianism can be substantiated with two additional arguments. First, Bentham (1864) himself thought of his utilitarianism as of a science that "can appeal only to lofty minds with whom the public welfare has become a passion". The thrust of his approach to practical policy-making is elitist; it requires enlightened and benevolent policy-makers to design institutions and policies for the good of the less enlightened ordinary people. Similar tendencies are more recently found in demands to transform empirical happiness economics into a happiness politics that, in some instances, may literally force individuals into becoming happier (e.g. Ng 1997; Layard 2007) – on average. And that is the second point: The individualism underlying an organic understanding of social welfare is severely restricted, with individuals playing the role of metering stations for utility, where the numbers read off the meter are then aggregated according to some pre-determined rule, and finally resources and property rights are re-allocated such that the final outcome according to that aggregation rule is maximized by a benevolent and personally disinterested policy-maker, without much further regard to individual autonomy.

Vanberg (2005) denotes this principle of policy-making with the term “utility individualism”, and contrasts it with the alternative of “choice individualism”. Following Buchanan’s proposition that collective action ought to be motivated by the attempt to realize mutual gains from trade, Vanberg argues that the proper addressee of policy advice is not a fictitious, benevolent and maximizing agent. Rather, actual individuals need to be convinced that some policy, or the introduction of some institutional constraint, is mutually beneficial.

When Hayek (1960) chooses “The Creative Powers of a Free Civilization” as a chapter title, he sums up much of the earlier classical liberal thinking on the evolution of human societies in a nutshell. It is a thinking that acknowledges ubiquitous change in individual preferences and values, that is generally optimistic towards the introduction of novelty within competitive frameworks, and that praises the resulting openness of the long-term development of modern societies. One can argue that the normative evaluation of novelty is a much more complicated issue and likely to generate more ambiguous conclusions (e.g. Witt 1996; Schubert 2012). But nevertheless, the link between individual autonomy and the liberty to introduce novelty through individual action – be it on the marketplace, in political discourse, or even in the arts and sciences – appears close. Limitations to free speech that are intended to keep political debate within certain bounds, censorship that defines what is acceptable in the arts, and also regulatory barriers to market entry that deter innovative entrepreneurs are all examples for measures that are intended to slow down economic and cultural evolution, and that also infringe individual liberties.

Keeping a society open, in the sense of accepting that the future is not yet fully determined and that the actions of only one or a few innovative individuals who make use of their autonomy may change the course of history in dramatic and unforeseen ways, is therefore

closely correlated with the degree of individual liberty in a society. This is precisely why Popper (1944-5) strongly criticizes the belief in historical determinism as dangerous: The belief that history follows inevitable laws may easily serve as a justification for the infringement in individual liberty in order to accelerate the movement towards seemingly inescapable end-points of history. To some degree, even classical liberals like Hayek have been guilty of making the mistake Popper warns about.

Hayek (1979), in an epilogue entitled *The Three Sources of Human Values*, conjectures that culturally evolved rules, which were not planned by a rational actor but simply turned out to be successful over time, discipline our biologically inherited propensities. But Hayek (1967) also emphasizes that due to processes of cultural learning, cultural evolution will proceed much faster than biological evolution, and this is a problem, because individuals will often revert to biologically inherited instincts that fit small groups, but not a modern society. This leads to a peculiar assessment: While Hayek admires cultural evolution for having made a market order possible, he also appears to consider the corresponding framework of liberal rules highly precarious (Hayek 1988). It is constantly endangered both by a reversion to primitive instincts, and by the hubris of seemingly rational planning.

This is interesting because Hayek displays here a distrust towards *further* cultural evolution, once a working market order has been established. For Hayek, the desirable openness then appears to be restricted to further progress *within* the working market order – technological progress, changing preferences, an increased variety of goods, and maybe also small, incremental adaptations to changing external conditions – while the institutional framework itself is in general deemed worthy of conservation. This is in contradiction to more recent developments in classical liberal thinking, to which we will turn now.

2.3 *A taste for variety*

Epistemic modesty is a major source of classical liberals' rejection of the belief that conscious and large-scale planning on the societal level can lead to superior, or even acceptable outcomes (Hayek 1967; Popper 1966). The responsibility for policy-makers is seen in solving acute, contemporary and well-defined problems, rather than in building an ideal society. But there is another argument, besides limited knowledge, that is important as a foundation for the modest, anti-utopian stance of policy-making, that has been emphasized by an influential thinker of classical liberalism who has been largely overlooked in the economic literature so far: Isaiah Berlin.

In his influential essay on *Two Kinds of Liberty*, Berlin (1958), makes a crucial distinction: Negative liberty rests on the principle of non-interference, it is the individual right to make autonomous decisions without being obstructed or coerced. Positive liberty, on the other hand, is the degree to which individual autonomy can actually be used; positive freedom rests on individual endowments with capabilities (Sen 1999) and resources. One can argue that both types of liberty are actually not in conflict with each other (e.g. Schmidtz and Brennan 2010), but rather two sides of the same coin. The argument is an empirical one: If measures that tend to increase negative liberty also increase wealth, and thereby positive liberty, then there is no conflict between them. It would then be simply a matter of prudence to concentrate on those policies that increase overall liberty.

Nevertheless, it seems obvious that in practical politics both concepts of liberty collide on a regular basis. The maximization of average positive liberty in a given society might, for example, necessitate the use of a coercive system of wealth redistribution that infringes heavily on negative liberty. But Berlin's argument is relevant beyond the conflict between

two types of liberty. Berlin argues in general against the expectation that a harmonious reconciliation of conflicts between absolute values is generally possible. In doing so, he implicitly also argues against the organic view of society taken by applied welfare economics, i.e. the belief that optimal points on smooth and well-behaved trade-offs can be identified and implemented for all relevant issues. On the contrary, the pretence of societal harmony itself is identified as a threat to individual liberty: *“One belief, more than any other, is responsible for the slaughter of individuals on the altars of the great historical ideals [...]. This is the belief that somewhere, in the past or in the future, in divine revelation or in the mind of an individual thinker, in the pronouncements of history or science, or in the simple heart of an uncorrupted good man, there is a final solution. This ancient faith rests on the conviction that all the positive values in which men have believed must, in the end, be compatible, and perhaps even entail each other.”* (Berlin 1958, p. 167)

Individuals, by themselves and on the political level, need to make choices between conflicting absolute values. *“The necessity of choosing between absolute claims is then an inescapable characteristic of the human condition.”* (Berlin 1957, p. 169). On the political level, this implies that decisions on policies and institutions rest on debatable, provisional compromises between competing absolute values, and are not carved in stone, but open to new debates and critical revisions. Not unlike constitutional economists, Berlin therefore puts forward a procedural criterion and advocates political institutions that facilitate such debates on absolute values, and that guarantee the right of individuals to hold and voice even eccentric positions in conflicts between values.

With collective action and institutions resting on necessarily provisional and temporary compromises between competing absolute values, and with individuals being highly diverse in terms of the weights they personally attach to these values, variety also on the political

level becomes a desirable outcome, and even a somewhat natural outcome of a framework that facilitates an open debate over competing values (Berlin 1950). This applies to variety in time – a change of policies, e.g. after having learned about the (non-)desirability of an actual outcome – but also variety between jurisdictions. Different groups of people, characterized by different distributions of preferences are, after all, likely to reach different compromises if the political institutions are responsive to their respective preferences. In a similar vein, Dahrendorf (1999) states: “*There is [...] not only one capitalism (such as the Chicago type), and also not only one democracy (such as the Westminster type), but there are many capitalisms and many types of democracy. There are 5, 50, 101 ways to proceed, that are all worth the effort, as long as the basic condition of openness itself is met.* (own translation)”.

Clearly, this positive attitude towards political and institutional variety is not shared by all variants of classical liberalism. The more dogmatic, natural-law-oriented proponents of individual liberty (e.g. Rothbard 2002) try to avoid the messy conflict of competing absolute values, and instead believe to know perfectly well how an ideal society of a free people ought to be constructed. It is, however, unclear how they intend to convince actual people, with deviating political preferences, of introducing the necessary conditions for what they believe to be an ideal society.

3. The evolutionary perspective

In order to avoid misunderstandings, it is useful to briefly discuss what characterizes an evolutionary approach to policy-making, relative to non-evolutionary approaches. In this context, it is interesting whether Darwinism in particular provides useful criteria to distinguish evolutionary from non-evolutionary approaches. Proponents of a Generalized (or Universal) Darwinism (see e.g. Hodgson 2002; Hodgson and Knudsen 2006; Aldrich et al.

2008) argue that natural and cultural processes of evolution underlie, at an admittedly high level of abstraction, the same general pattern. The authors furthermore point out that they are not proposing an analogy, but a generalization. They argue that cultural and economic processes *in general* are indeed evolutionary processes, and that they indeed do follow the principles that make up a generalized Darwinian theory: variation, selection and retention. A generalized Darwinian theory therefore needs to explain how variety is generated, how during interaction with the environment some entities subjected to the process are weeded out while others survive, and finally how the relevant characteristics of those entities that are relatively well-adapted to the environment are retained and passed on to the next generation. But the important claim made by the proponents of Generalized Darwinism is that social and economic processes can in general be explained with such a theory, because they fit into the highly abstract, evolutionary pattern.

Clearly, on such a high level of abstraction Generalized Darwinism works primarily as a heuristic that can help to organize thinking about evolutionary processes. It can, as its proponents state, only serve as a meta-theory, and in order to generate interesting and empirically refutable hypotheses, it needs to be amended with detailed theories about variation, selection and replication that are field-specific and offer particular explanations for the actual objects that are studied (Hodgson and Knudsen 2006). Indeed, in criticizing Generalized Darwinism, Levit et al. (2011) argue that it is precisely such research into the particular conditions of specific evolutionary processes that has helped evolutionary theory progress in the past, while little or no additional explanatory power is to be gained from generalizations. And not only the explanatory power is lacking, but also the ability to distinguish evolutionary from non-evolutionary processes in the social and economic realm. If every relevant process is perceived to fit into the general scheme, then Generalized

Darwinism does not inform us about the specific characteristics of an evolutionary approach to policy-making.

The generic definition that evolutionary processes are characterized by the endogenous generation of novelty and its diffusion (Witt 2008) offers a more useful criterion to distinguish evolutionary approaches to policy-making from non-evolutionary approaches. The former put a larger emphasis on providing opportunities for endogenous change also in the political and social, and not only in the economic realm. It is also useful to take into account that there is continuity between biological and social evolution (Witt 2004), where the latter builds upon the former. That does not imply that there must be an identical, generalizable structure at work in both kinds of evolution, as the General Darwinists claim. But it means that a policy can also be evolutionary in the sense that it is very successful in tying together biological and social evolution. If, for example, humans had a genetic disposition to be self-interested, then a policy that requires widespread, pure altruism would likely not be very successful.

In the following Section 4, the relationship between classical liberalism and evolutionary approaches to policy-making will be discussed in detail.

4. How classical liberalism relates to evolutionary policy-making

4.1 Are there naturalistic foundations of classical liberalism?

A first way in which classical liberalism may imply an evolutionary kind of policy-making could be an application of the continuity hypothesis. One could make the claim that biological evolution has led to humans being endowed with specific characteristics that are compatible

with the tenets of classical liberalism sketched in *Section 2* of this paper, i.e. with an emphasis on individual autonomy rather than an organic approach to social organization, with a desire for political systems that are responsive to citizens' preferences, and with a preference for openness and variety in political processes and outcomes. The according individual endowments resulting from biological evolution could for example be innate wants for personal autonomy, or a natural propensity to engage in competitive behaviour. But are there indeed plausible theories and robust empirical evidence that support such a claim?

Vromen (2012) points out that the general approach to argue with naturalistic foundations of preferences and behavioural dispositions has a longer tradition in economics, including Becker (1976). Becker argues that individuals with an altruistic disposition can display a higher genetic fitness, if their altruistic behaviour leads egoistic individuals not to do harm to them, which they would be inclined to do when they met another individual with an egoistic disposition. If one accepts this argument, and if it is shown empirically that a significant share of a population has altruistic preferences, this might translate into policies. With a high share of altruists, it could *prima facie* be plausible to organize redistribution efficiently and reliably through public budgets (e.g. Hochman and Rodgers 1969).

However, there is empirical evidence showing that if individuals are aware of the existence of a formal system of redistribution, their voluntary contributions tend to be crowded out (e.g. Eckel et al. 2005). This does not matter much in terms of the immediate distributional result; the recipients get roughly the same amount, but now they receive it through a different mechanism, namely public redistribution. But the change does imply an alteration of the selection mechanism for altruists: Egoistic individuals now do not have a strong incentive to behave cooperatively towards a single altruist, since their payoffs are paid out of the state budget. If the Becker (1976) model describes the mechanism correctly, then the advantage in

fitness of altruists is diminished and in the long run, the share of altruistically disposed individuals in the population will shrink.

The example highlights how a standard, payoff-oriented and an evolutionary perspective may yield very different results. It also shows that the step from observing that a trait is common in a population to introducing a policy that seems to be in harmony with that trait is not necessarily simple and straightforward. In particular, the fact that cultural evolution itself can have an impact on biological evolution (e.g. Richerson and Boyd 2005) complicates matters. It implies that taking biologically inherited traits as a starting point for normative reasoning on policies is at least incomplete, because human culture has reached a degree of complexity, and in a sense also effectiveness, where the future course of biological evolution becomes contingent on the course of cultural evolution, and even on political decisions.

Nature offers no secure, unalterable ground to begin normative reasoning, and appeals to nature are in general not sufficient to argue in favour or against specific policies and institutions. Another simple example can illustrate this: It appears that humans have an inherited taste for sweet food, because sweetness signals a high caloric load – a very useful signal in ancient times, when calories have been much scarcer than they are today. Ruprecht (2005) shows how the interaction of an inherited taste for sweetness, the evolution of prices and cultural evolution can explain the pattern of sweetener consumption over centuries. In particular, he shows how cultural evolution is responsible for the shift from sugar to low-calorie sweeteners, after declining prices for sugar initially had led humans to learn how to consume larger and larger quantities of sugar, with the accompanying negative effects on health. The example shows that the inherited taste is not good or bad, inefficient or efficient, useful or harmful *per se*, but that its actual effects on humans depend on the broader framework of incentives, technology and knowledge.

The lack of a direct link between inherited traits and policies does not imply that it is unimportant to search for naturalistic foundations of human preferences and choices, because it is still important to know what drives us, and how these natural dispositions interact with institutions, incentives and policies. For example, Arnhart (2005) proposes that twenty natural desires can be identified as our evolutionary heritage. Among them are mundane desires for property and health, but also metaphysical desires for religious understanding, or the enjoyment of aesthetic pleasure. Arnhart also argues very persuasively that a classical liberal (or in American semantics: conservative) order can help individuals to pursue these twenty natural desires. But actual policy-making is also concerned with the details – in this case, with the complex web of trade-offs between all of the supposedly natural desires. Some of them could conceivably be pursued through collective action, for example through a public health care system, or a public education system. In order to finance them, some infringement into property rights in the form of taxation will be necessary, and it seems difficult to argue that only a classical liberal and not also, for example, a social-democratic position on this trade-off could be principally consistent with the proposed list of inherited desires. Taking biologically inherited dispositions into consideration may lead to the exclusion of *some* policies and institutions as incompatible with human nature, but the remaining set of policies remains large, and likely also encompasses policies that would not be categorized as classical liberal.

In general, our many natural dispositions need not be mutually consistent, and the weights between them are likely to differ between individuals. For example, Potts (2003) posits, based on empirical evidence, that there exists something he calls “universal nomadism”, an innate curiosity of humans so search for, to try out, or even to produce novelty. On the other hand, empirical evidence from behavioural economics informs us that decisions are frequently affected by a status quo bias (already Kahneman et al. 1991). Neuroimaging suggests that the

status quo bias is hard-wired into human brains (Fleming et al. 2010). In particular, in deciding against the status quo, parts of the brain are activated that also are active when an outright response to a given problem is suppressed. Rejecting the status quo and thinking about alternatives is costly, and our brains appear to regularly reduce these costs by simply sticking to the status quo.

The two dispositions, universal nomadism and status quo bias, are present in humans, albeit to different degrees in different individuals. The same is most likely true for other inherited traits and desires. Some individuals have a strong preference for protected personal property rights, others decide to become members of the Franciscan order. Some individuals are strongly driven by status considerations, others are highly altruistic and inequality averse. In a population of individuals that are heterogeneous with regard to their genetically inherited and culturally acquired traits, dispositions and desires, it is unlikely that specific (e.g. classical liberal) policies can be justified on the grounds that they are compatible with a specific evolutionary heritage.

One can, however, make an argument on the *constitutional* level. If heterogeneity is accepted as a fact, then naturalistic arguments can lend additional support to the classical liberal constitutional argument: Political institutions should be responsive to individual preferences, and should in particular provide a framework that allows to stage the perpetual conflict between competing absolute values in a non-violent way. In this sense, Berlin's approach to classical liberalism may receive particular credence from naturalistic arguments, while a substantive post-constitutional classical liberalism with its standard ingredients – low taxes, a low level of regulation, little redistribution etc. – does not have a robust naturalistic foundation.

4.2 Classical liberalism and Social Darwinism

Oddly, the foundations of Social Darwinism are older than the foundations of Darwinism itself. Herbert Spencer (1951) presented ideas on social evolution that eventually, in a much later reception of Spencer, had been relabelled as Social Darwinism by Hofstadter (1944). In spite of the controversies about this label (e.g. Leonard 2009), we will pragmatically use it, due to its widespread use in the literature and the associated common connotations. Spencer argues that some rights – e.g. the right to own property, the right to free speech, and also equal rights for women and children – can be derived from the biological heritage of humans. He starts from a utilitarian normative foundation, arguing that the “Divine Idea” of producing the greatest overall happiness is the ultimate goal of any cooperation of humans in society. Spencer then argues that the greatest happiness can be achieved when humans are freely disposing over their individual faculties, and that this in turn presupposes a political order that guarantees extensive individual freedom. He is convinced that under these conditions, societies gradually become more complex and more differentiated, and thereby develop the capacities to increase happiness further and further (Spencer 1857).

Spencer’s conception of social evolution is deterministic, not in detail, but in terms of the general *telos* of societal development: Better social organization and increased happiness come into existence through individual-level selection, and also through selection on the level of entire societies (Spencer 1860; 1864). This has led Spencer to conclusions that in some cases appear extreme from today’s perspective. For example, he strongly argues against government redistribution towards the poor, both because it infringes property rights and individual liberties, and because it slows down social evolution, as it works against the principle of the “survival of the fittest”. But Spencer has on the other hand no objection against privately organized, voluntary acts of charity. If individuals are deemed to be worthy

recipients of charity by voluntary donors, they must, after all, be performing some useful function for society.

As a proponent of the evolutionary tradition of classical liberalism, Hayek (1960) quite clearly argues that the range for legitimate government action is broader than believed by Spencer. Furthermore, Hayek (1988) argues that cultural evolution is to be distinguished strictly from biological evolution and that both often work into opposing directions. For Hayek, cultural evolution is a mechanism that is praiseworthy precisely because it helps humans to control their natural instincts and to reduce the selection pressure exerted by biological evolution. And more importantly, Hayek (1976) argues that the beneficial results of cultural evolution are under a permanent threat by our inherited instincts, as well as our rationalistic pretensions.

The argument of Hayek rests chiefly on cultural mechanisms of group selection: The success of groups or societies who organize around relatively efficient institutions is observed by other individuals and groups, and therefore imitated. Another mechanism at work could be population size, either through reproduction or through migration. Hayek is relatively silent on the precise mechanisms that could be underlying the pattern of cultural group selection he believes to have identified, but there are some recent theoretical contributions that clarify possible mechanisms.

For example, Witt (2008a) shows how the introduction of pro-social behaviour by a sufficiently large group into a population of defectors can lead to cooperative behaviour through observational learning. Using a different approach, Fehr and Gächter (2002) show that the presence of a small group of altruistic punishers, who invest into punishing defectors without gaining an immediate personal pay-off from doing so, induces individuals to follow

pro-social norms. Elsewhere, it has been argued that institutions themselves affect individual values and dispositions. For instance, McCloskey (2006) argues that acting within a market order fosters the development of individual-level virtues, which in turn also leads individuals not to act in a purely self-interested fashion. On the other hand, Heinemann (2008) shows empirically that a generous welfare state may undermine some of these virtues.

Some additional explanations are needed to complete the story. In the case of Witt (2008a), the emergence of a group of norm innovators that is large enough to trigger successful observational learning would in itself need to be explained. The same holds for the group of altruistic punishers in Fehr and Gächter (2002). However, there are now many contributions that do show how the evolution of pro-social behaviour can be instrumental in solving social dilemma, although it is still far from settled how wide the range of real-world phenomena that can be explained this way is. In our context, the most important implication of these findings is that contingent on starting conditions, such as the initial size of the group of pro-social individuals, or the initial set of rules that are chosen, a variety of forms of social organization can emerge. There is, on the other hand, no evidence for forceful selection mechanisms on the societal level, which would let only “Social Darwinist” societies survive in the long run. On the contrary, following the seminal contribution by Hall and Soskice (2001) on “varieties of capitalism”, a large body of empirical literature indicates that different institutional configurations that imply different models of long-term economic development are viable and often relatively stable over long periods of time. Being viable does not mean that they are equivalent, e.g. in terms of efficiency or economic growth, but that is precisely the important point: A variety of institutional configurations is feasible, representing different points on trade-offs between economic goals and other preferences, and classical liberalism on the constitutional level acknowledges that political choices along these trade-offs must be made (Dahrendorf 1999).

The common ground between evolutionary approaches to classical liberalism on the one hand and Social Darwinism on the other hand is therefore very limited. While the latter are convinced that biological and cultural evolution go hand in hand into the same direction, the former argue that cultural evolution is threatened by a relapse into primitive, biologically inherited patterns of behaviour (see also Rubin 2002), and they see no evidence for a teleological view of social and cultural evolution as proposed by Social Darwinists. Classical liberals also, more importantly, argue that cultural evolution can be called successful or efficient if it relieves humans of some of the pressure exerted by natural selection. In contrast to Social Darwinists, classical liberals therefore perceive cultural and biological evolution more as possible antagonists than as mutual enforcers. The common ground of both schools of thought is the belief that evolutionary processes are in general superior to rationalistic planning. But again, there are differences in the details, as the utilitarian and teleological underpinning is less pronounced in the work of modern classical liberals. They do not perceive the evolution of societies in history as a process that leads deterministically to an increase in general happiness (Popper 1944-5).

4.3 Facilitating cultural and political evolution as a classical liberal meta-policy

Classical liberals reject the pretence of rational planning of entire social orders, and they also reject the closely associated idea that bringing about harmony between competing absolute values through policy-making, or even re-education of individuals, is possible or desirable. We have seen in *Section 2* of this paper that this leads to the view that policy-making, and even the choice of formal institutions on the constitutional level, is normally provisional. Both ought to be open to revision, be it as a result of learning about better alternatives, or due to re-

negotiations of policy between groups characterized by different preferences. In this sense, classical liberals indeed embrace an evolutionary concept of policy-making.

There are two caveats to this view. The first is a normative one, as Schubert (2013) points out. A focus on aggregate characteristics of evolutionary systems runs the risk of paying too little attention to individual-level welfare. This is, for example, an obvious problem of the more crude Social Darwinist approaches, where the deterministic perception of an evolution towards better-adapted societies with happier individuals comes with a disregard for individual-level costs of this process. But even more sophisticated variants of classical liberalism run a similar risk, as Hayek's argument illustrates. If he is right that cultural evolution is squeezed in between instinct and reason, then this also hints at another trade-off: Leaving more scope for open cultural evolution implies less scope for purposeful intervention, as well as for the satisfaction of what Hayek perceives to be basic, primitive instincts and desires. It is probably true that a higher realization of the latter would come at a cost, e.g. in terms of lower economic growth. But on the other hand, highly inequality-averse individuals may incur a cost by being exposed to a policy that favours an open societal evolution over purposeful, redistributive interventions. It is therefore difficult to argue that facilitating cultural evolution through appropriate institutions and policies should be *the* goal of policy-making.

The second caveat concerns the selection mechanisms actually at work when we are not only concerned with cultural evolution in the narrower sense, but also with political and institutional evolution in a broader sense. We have seen above that some phenomena, such as the enforcement of informal social norms for pro-social behaviour, either through learning or through altruistic punishment, can be explained as results of evolutionary processes. But that does not necessarily imply that the same evolutionary perspective can be reasonably taken

towards formal rules, such as laws or constitutional frameworks that are the results of conscious policy-making. Staying in the framework of Hayek (1973), this concerns what he calls *thesis*, rules that are the result of legislation, rather than *nomos*, rules that are merely found, but not invented, by judges. The other main distinction between them is, according to Hayek, that the former rules serve certain positive ends; they are implemented in order to achieve specific goals. The latter rules on the other hand are there to coordinate individual activities, as we have discussed in *Section 2*. Hayek (1973) appears to reserve his evolutionary framework for *nomos*, while *thesis* are the rules of planned orders, and in that sense themselves the result of rational plans rather than evolutionary adaption. However, Wohlgemuth (2002) finds some elements of an evolutionary political economy in Hayek (1960).

Hayek's general reluctance to speak of evolution in connection with policy-making may be rooted in the fact that the evolutionary mechanisms at work in this realm are rather slow and unreliable, due to the imperfections of political decision-making processes (Schnellenbach and Schubert 2014). Voters tend to be rationally ignorant (Caplan 2007) or vote for non-instrumental, expressive reasons (Hillman 2010). Both make them reluctant to gather unbiased information and change their political point of view, even if the evidence suggested that such a change was reasonable. Since the political market has very high entry barriers and voters are generally not eager to change their positions, the introduction of novel policies and large-scale reforms is rare.

Competition between jurisdictions may increase both the level of information and the scope for real choice of individuals (Vanberg and Kerber 1994), but the price signals induced by migration are not necessarily such that the remaining voters in the relatively inefficient jurisdiction update their political preferences (Schnellenbach 2008). The flipside of these very

weak selection mechanisms is the survival of a large variety of policies, policy bundles and constitutions across the world, despite being associated with different economic and political outcomes (Persson and Tabellini 2003). However, competition between jurisdictions also gives citizens an exit option at relatively low cost, if the jurisdictions are not too large geographically. Even if the societal effects of migration by small groups of individuals may not be large, and do not induce political learning processes, the exit option is important because it strengthens individual autonomy: One can avoid unsatisfactory political circumstances by making an individual decision to migrate, without the need to organize political majorities in order to facilitate a change of policies.

When classical liberals plea for an evolutionary understanding of policy-making, the motivation therefore can hardly be the hope for a quick and reliable weeding out of inefficient policies, and a quick convergence towards some efficient political and constitutional model. Rather, openness for endogenous change and variety in the political realm are necessary corollaries of the demand for individual autonomy, which, as we have seen in *Section 2*, is at the heart of a classical liberal perspective. Individual autonomy in the political realm is realized through democratic procedures, through checks and balances that ensure that decisions on collective action are, as far as possible, grounded in individually held preferences and values, and also through the exit option in a world of competing jurisdictions. If individuals learn, debate, migrate, and change preferences and values, then classical liberals must necessarily favour institutions that are open to change, induced by sovereign citizens, over closed systems.

Making a system of government more responsive to citizen preferences will on the other hand often be associated with more openness for evolutionary change. Examples are direct-democratic mechanisms of political participation, which can be used to control representatives

(in case of a referendum), or to introduce novelty into the political process (in case of an initiative). Therefore, both selection and variation are strengthened. Furthermore, direct democratic instruments are also associated with somewhat more lively debates about policy and better-informed voters than purely representative systems (e.g. Feld and Kirchgässner 2000; Matsusaka 2004), which again should be associated with both more precise selection mechanisms, but also with a more frequent introduction of novelty if the debates have an effect on citizens' preferences and beliefs. Again, this shows how a strengthening of citizen sovereignty is likely associated with a more open political system that in turn is also subjected to more pronounced evolutionary mechanisms. The important point, however, is that this openness is not an end in itself, and neither does it serve the purpose of facilitating cultural evolution towards some pre-determined goal. It is a desideratum because it is a precondition for citizen sovereignty.

5. Conclusions

In this paper, we have discussed the relationship between classical liberalism and evolution, both cultural and biological. We have discussed whether there are naturalistic foundations for a specifically liberal policy, and found that evolution likely endows individuals with a variety of heterogeneous traits and dispositions, which in turn implies a variety in policy preferences. Therefore, we have expressed doubt with regard to the claim that a classical liberal policy – and only a classical liberal policy – is particularly compatible with the biological endowments of humans.

We have, however, seen that on a procedural level, an argument can be made that the classical liberal demand for institutions that secure citizen sovereignty implies that classical liberals will also favour institutions that facilitate evolutionary change in policy-making. While the

emphasis of earlier contributions linking classical liberalism with evolutionary policy-making has been on limited knowledge and learning, our emphasis in this paper has been on heterogeneity and individual autonomy.

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