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On the Method Appropriate to Hayek Studies

By

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On the Method Appropriate to Hayek Studies

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Abstract: The method appropriate to the historical and conceptual investigation of Hayek's ideas is implicit in his own writings on the methodology of disciplines that study complex phenomena. The phenomena of Hayek's career are complex phenomena requiring a method appropriate to this complexity.

Keywords: F.A. Hayek, complexity, pattern predictions, explanations of the principle, historiography, methodology

JEL Codes: B00, B2, B25, B31, B4, B53

Few social scientists have done as much as F.A. Hayek to emphasize the explanatory and predictive limitations of the social sciences. Indeed, according to Hayek, the social sciences are examples of a broader class of disciplines in which, in the current state of knowledge, full explanations and precise predictions of particular events are not possible. In addition to the social sciences, these disciplines include theoretical psychology (Hayek [1952] 2017), linguistics, evolutionary biology, geology, certain branches of astrophysics (Hayek [1967] 2014), cybernetics, the theory of machines, and general systems theory (Hayek [1955] 2014).

There are two kinds of knowledge on Hayek's ([1945] 2014, 95) epistemology, namely, knowledge of *general* rules, and knowledge of *particular* circumstances of time and place. In order to fully explain or make precise predictions of some phenomena, we require an adequate combination of general and particular knowledge. The sciences of complex phenomena are those in which this requirement is not met. That is, in the sciences of complex phenomena, we confront a "data problem," a deficiency in our knowledge of relevant circumstances of time and place,

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and / or a "theory problem," the inadequacy of our theoretical model.[1] A full explanation or a precise prediction of particular events in these sciences requires a complex model encompassing many variables, their (possibly quite intricate) interrelations, and their various relations with environmental factors, *plus* all of the relevant empirical data (Scheall 2015a). In the sciences of complex phenomena, we simply lack some of this knowledge.[2]

In these fields, we are limited to explanations and predictions that, although they might state the principle or mechanism that determines the manifestation of the relevant phenomena, leave out of the picture many details required of a complete explanation (Hayek [1955] 2014, [1964] 2014). The economists' treatment of price adjustments in response to changes in the relevant data in terms of the well-known mechanisms of supply and demand is an example of just such an explanation that, despite its obvious scientific significance, is never adequate to account for the prices of particular goods at specific times and places (Hayek [1964] 2014, 270-271).

Thus, the first principle of Hayekian social science enjoins the Hayekian scholar to *respect the complexity of the phenomena under investigation*. Simple explanations of complex phenomena – explanations that claim to do more than account for the principle of the otherwise variable manifestations of the phenomena or, what is much the same thing, which infer conclusions beyond the available combination of theoretical and empirical knowledge – are, as Hayek ([1964] 2014, 263) noted, "probably merely of necessity false." Some combinations of theory and data are adequate only to explain the principle and predict the pattern of the relevant

[1] On the distinction between the data and theory problems, see Scheall (2015a). "Theory problem" and "data problem" are Scheall's terms, not Hayek's. Hayek explicated the data problem at length, but left the theory problem largely implicit (Scheall 2015a).

[2] This implies, as it should given Hayek's fallibilism and evolutionary epistemology, that some phenomena now considered complex might become simple with the advance of knowledge; indeed, in principle, the converse is possible, should knowledge degenerate.

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phenomena. To pretend otherwise and attempt more by way of explanation or prediction than the extant theoretical and empirical knowledge allow is to abrogate the first principle of Hayekian social science.

The first principle of Hayekian social science does not mean that the scientist should not simplify. Some degree of simplification is always necessary in science. Rather, the Hayekian social scientist should resist the temptation to *oversimplify*, where this means inferring from the available knowledge more than it in fact supports. If anything, the Hayekian should emphasize the complexity of the phenomena and understate the significance of his results accordingly. The Hayekian social scientist should not claim that his explanation does more than account for the principle that determines the otherwise diverse manifestations of the relevant phenomena.

The first principle of Hayekian social science is reflexive in the sense that it applies to our inquiries concerning the significant events and phases of Hayek's own career. This is a straightforward implication of Hayek's methodology of sciences of complex phenomena (Scheall 2015b). According to Hayek, both *mental* and *social* phenomena are kinds of complex phenomena—their full explanation requires a model encompassing many variables, etc. The phenomena of Hayek's career emerge from the interaction of (perhaps *inter alia*) his own individual mental phenomena with those of his various social contexts. Thus, by Hayek's own lights, any aspect of his career that we might wish to explain is a complex phenomenon. (Of course, by parity of reasoning, should we wish to fully explain *this* aspect of Hayek's career, we would need a complex model). Thus, insofar as we accept his methodology of sciences of complex phenomena, scholars of Hayek's own career are enjoined by the first principle of Hayekian social science. If it is true that simple explanations of complex phenomena are probably always false, then it is true whether we are trying to explain, say, the business cycle or,

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since it is a complex phenomenon too, the evolution of Hayek's thought about the business cycle.

Hayek can be observed in the process of applying this principle, albeit implicitly, to considerations relevant to the history of economics. The complex phenomena that concerned Hayek in his *John Stuart Mill and Harriet Taylor: Their Friendship and Subsequent Marriage* ([1951] 2015) was the nature and extent of Taylor's influence on Mill's attitudes with respect to the subjugation of women and, especially (given Hayek's own interests), socialism. In large part because it was implied by the image that Mill presented in his *Autobiography* ([1873] 2008), the prevailing view when Hayek wrote – that is, the principle that was meant to explain Taylor's influence on Mill – was that she made her eventual husband more of a *sentimentalist* than he would have been otherwise (Hayek [1951] 2015, 12-14). Against this, Hayek's ([1951] 2015, 14; italics added) competing explanation of the principle was that, "[f]ar from it having been the sentimental it was the *rationalist* element in Mill's thought which was mainly strengthened by her influence." In Hayek's view, Harriet Taylor influenced John Stuart Mill, one of history's most strident empiricists (Mill [1843] 2002), to soften his epistemology. More relevant to Hayek's own concerns, she stimulated the direct descendant (literally and figuratively) of the Scottish Enlightenment tradition of spontaneous social order and gradual social evolution to seriously contemplate the possibility of rationally redesigning society.

The content of Hayek's explanation of the principle of this part of Mill's intellectual evolution is less relevant for our purposes than the modest way in which Hayek put it forward. Leaving readers to decide for themselves, Hayek ([1951] 2015) presented the correspondence between Mill and Taylor with little editorial comment (on this method, see Peart 2015, xxix and xxxvi). This is perhaps surprising, given the explicit thesis about Taylor's influence on Mill that

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he wished to defend and, presumably, convince others to accept. Yet, Hayek made no effort to claim for this principle a more comprehensive account of Mill and Taylor's very complex relationship. It was meant to account for no more than a pattern observable in their relationship – Mill's shift from classical liberalism to a stance of some sympathy with socialism – a pattern that, as Hayek ([1951] 2015, 15) made clear, could be (partially) explained in other ways.

> "To some readers this volume will therefore appear as the material for a book rather than the finished product. The justification for presenting the documents in this fashion [i.e., the relevant correspondence with minimal editorial commentary] is that they could provide the material for several different books which might be written around them; thus any attempt at interpretation would almost inevitably have interfered with the impartial presentation of the documents. Not all the fragments which accident has preserved can be made to fit into one coherent story which at the same time they are sufficient to justify. Yet any selection guided by an interpretation would have been likely to omit documents which from a different point of view might prove significant."

Hayek's work on the Mill-Taylor correspondence illustrates the Hayekian complexity of intellectual history on multiple levels. On one level, there is the complex phenomena of the Mill-Taylor relationship that Hayek sought to explain.[3] On another level, there is the fact that Hayek's work on the Mill-Taylor correspondence was itself a complex phenomenon which emerged

[3] With respect to Hayek's appreciation of the complexity of other aspects of Mill's biography, see Peart 2015, xx: "For those who know the complexity of Mill's life and work, it is perhaps unsurprising that Hayek did not provide a once-and-for-all resolution to the challenge of locating Mill with respect to nineteenth- or twentieth-century debates […] There is also evidence that Hayek's views on Mill changed over time and that, even at roughly the same time, Hayek emphasized different threads of Mill's writings."

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unintentionally from other interests and projects, and could not have been predicted by him, or anyone else, in advance: “The present book is the outcome of work originally undertaken without any such design. It grew unexpectedly out of an effort to bring together Mill’s correspondence during the earlier part of his life, which had never been systematically collected…In the course of this work the material now presented has come to light and it soon became clear that it would not fit into the contemplated edition of Mill’s professional correspondence” (Hayek 1951 [2015], 14; also see Peart 2015, xxii fn. 18).

The first principle of Hayekian social science has not always been respected in the secondary literature on Hayek. There is an unfortunate tendency in certain parts of this literature to leap beyond the available knowledge, from an acknowledged fact about Hayek to some more general conclusion regarding his career that is not supported by the premises adduced in favor of the aforesaid fact. Scheall (2015b, 44) argues that such leaps beyond the extant knowledge are especially prominent in the literature on Hayek’s so-called “epistemic turn” or “transformation,” where one often finds the move from some particular example of (dis)continuity in Hayek’s thought to an unsupported conclusion that the episode in question illustrates some more general inclination toward (dis)continutity in Hayek’s intellectual development: “There is a tendency, in attempts to explain (some aspect or other of) Hayek’s career, to try to go beyond the sort of limited explanations of the principle that Hayek himself thought were possible in the sciences of complex phenomena. That is, there is a tendency to pretend to a full explanation of (some aspect or other of) Hayek’s career, where only a limited explanation of the principle may be possible.”

Perhaps most ignominiously (examples could be iterated, but I will pick on the dead, who cannot correct me), Terence Hutchison (1981) leapt from the premise that Hayek traded a youthful commitment to Ludwig von Mises’s apriorism for a mature commitment to Karl

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Popper's falsificationism to the conclusion that there were in fact *multiple* Hayeks, the Misesian "Hayek I" and the Popperian "Hayek II." Yet, the fact – if it is a fact[4] – that Hayek traded Misesianism for Popperianism does not support the implication too easily drawn from Hutchison's argument that this change was more fundamental and comprehensive than it was, affecting his thinking beyond methodology.

This is not to question whether Hayek's thinking transformed in various ways over the course of his career; rather, my point is precisely the need to respect as far as possible the many splendors and facets of each of these transformations, and the interconnections between them. What I reject is the notion, implicit in many arguments in the secondary literature, but never explicated and defended, that some proper subset of these various transformations explains some broader scope, perhaps even the entire scope, of his career.[5] Our business as Hayekian Hayek scholars is to account as far as the available knowledge will allow for the various respects in which his scholarly interests and his attitude toward each of these topics changed – or did not – over course of his career. It is not to explain some such change(s) and declare the relevant explanatory principle the skeleton key to unlocking the mysteries of further aspects of Hayek's career. This career is fully explained by accounting for the entire spectrum of events, their intricate interrelations, and their relations with the wider environment, that constitute his career; it cannot be fully explained by an account of any particular proper subset of these events. This is true, moreover, for each of the individual events that, arranged in temporal order, constitute Hayek's career. Given that it is a consequence of interactions between mental and social phenomena, we are limited to an explanation of the principle in accounting for, say, the relation

[4] Caldwell (1992) argues that Hayek was never much a Popperian falsificationist with respect to the method of economics. Scheall (2015c) argues that Hayek was never much of a Misesian apriorist. If either of these arguments is sound, then the premise upon which Hutchison drew his conclusion of multiple Hayeks is undercut.
[5] The literature on Hayek's epistemic turn is more extensively reviewed in Scheall (2015b, 41-45).

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between Hayek's two most famous papers, separated by nearly a decade, "Economics and Knowledge" ([1937] 2014) and "The Use of Knowledge in Society" ([1945] 2014), just as we are limited to an explanation of the principle(s) of the development of Hayek's entire career.

Insofar as we are Hayekians – that is, to the extent we accept Hayek's guidance concerning the investigation of complex phenomena and insofar as we believe the phenomena of intellectual history to emerge from the interaction of mental and social phenomena (and so long as these remain complex phenomena with the further advance of knowledge), we are enjoined by the first principle of Hayekian social science. It should be obvious that this is true regardless of whose intellectual history we wish to tell, Hayek's, Mises', Keynes', or Marx's, but it is especially egregious to neglect or repudiate the principle when the object of our inquiry is some complex aspect of Hayek's own very complex career.

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