

Hayek on the Abuse of Method: A Classic Reissued

The Counter-Revolution of Science: Studies on the Abuse of Reason, by F.A. Hayek. Liberty Press, 7440 Shadeland, Indianapolis, IN 46250.

NOBEL Prize Laureate F.A. Hayek has carefully analyzed one of the most "fashionable" and yet one of the most destructive doctrines of modern economic thought—the idea that the methods of the physical sciences are applicable also to the study of society. *The Counter-Revolution of Science: Studies on the Abuse of Reason*, first published in 1952, has now been reissued in a beautifully printed and beautifully bound new edition. In this book, Hayek carefully dissects and systematically analyzes the sociological doctrines of positivism and historicism. This critique, considered by Ludwig von Mises to be Hayek's most important contribution, is profound and well worth the while of anyone seriously interested in the methodology of the social sciences and the history of economic thought. As the subtitle implies, Hayek's concern is with the way positivists and historicists have turned reason upside down in their disastrous attempt to explain and interpret society.

Thinkers and philosophers have been challenged to explain social institutions, the origins of which are not self-evident. Languages, production patterns, trade channels, moneys, prices, and countless other societal patterns and institutions exist without having been created consciously.

No one appears to have planned them in advance. How did people begin to communicate with one another? How did they settle on certain signs or sounds that they and others in their community understood to represent specific objects or ideas?

When it comes to goods and services, how do producers know what and how much to produce and offer to others? And how much of other things should they ask in trade? No one seems to control overall production. Yet the goods and services produced, offered, and traded at any particular place and time usually come out about even. Thus there appears to be some order in society. Certain regularities appear, but without any apparent cause. As Hayek points out,

If social phenomena showed no order except insofar as they were consciously designed, there would be no room for theoretical sciences of society.... It is only insofar as some sort of order arises as a result of individual action but without being designed by any individual that a problem is raised which demands a theoretical explanation.

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The doctrines of positivism and historicism were efforts to explain these social phenomena and were developed at a time when the physical sciences enjoyed tremendous prestige. By the 19th century, as a result of the obvious successes of the physical scientists, it had become the "fashion" to try to adapt their methods to almost every field of endeavor. The mistake of the positivists and historicists with which Hayek deals is that they sought to apply the physical science methods to the study of society. By doing this, they were neglecting the very essence of society as a congregation of acting individuals.

The scientist who studies the ideas, values and actions of men has an advantage over the physical scientist who studies nature. Being a man himself, the social scientist knows something about his subject even before he starts serious study. He realizes that men act consciously, purposively, to attain various goals, because that is the way he acts. He knows that men do not respond to stimuli automatically or mechanically, as physical objects do. He knows that men have minds, that they think, reason, and choose. He knows that they try to use what they have, *i.e.*, their limited resources, as best they can, to achieve as much as possible toward their many goals. To analyze the outcome of their actions, social scientists must start with the obvious fact, the *a priori* "given" of human action, that men act purposively. Only by recognizing the purposiveness of human action is it possible to understand any society of complex interpersonal relationships.

Both positivism and historicism, which Hayek discusses and analyzes in detail, sought to apply to the study of society the methods of the physical sciences. But these methods—observation, experimentation and measurement—so helpful in revealing data about the physical world, are not appropriate for analyzing *purposive* human actions. Unlike stones individuals do not always respond in the same way to the same set of circumstances; their responses will

vary depending on their changing purposes, ideas, and knowledge.

Hayek devotes more than half of this book to describing the doctrines of positivism and historicism and to explaining their development and influence. He recognizes quite frankly that "the tracing of influences is the most treacherous ground in the history of thought." But he embarks on this chapter in the history of ideas because he believes it could "help us to become aware of much that governs our own thought without our explicitly knowing it...and perhaps assist us to purge our minds from influences which seriously mislead us on questions of our own day."

Hayek traces the origin of positivism and historicism primarily to the writings of several Frenchmen—Henri de Saint-Simon (1760-1825), Auguste Comte (1798-1857) and Barthélemy-Prospér Enfantin (1796-1864). Although the prestige of these men soon waned in France because of their nonconformist personal lives, their "pseudo religious harlequinades and...various escapades and follies," their influence grew as others adopted and disseminated their ideas abroad. Comte may be less than prominent today, but Hayek considers him important, especially because of his influence on the intellectual development of Karl Marx. Hayek makes a formidable case for crediting Comte, rather than Hegel who is usually thought to have had the greatest influence on Marx, for having first developed many of the ideas associated with Marxian socialism. Thus, in Hayek's view, the ideas of the Saint-Simonian positivist must be seriously criticized today for they were the "inspirers of practically all socialist movements."

EVEN more significant than Hayek's attribution of socialist ideas to several little known early French positivists is his analysis of the fundamental flaws in their methodology—flaws which are still evident in the assumptions of many thinkers today. Hayek points out that all science starts with classification. In the physical sciences, ob-

jects are classified by characteristics that are measurable and distinguishable by objective tests. But the relations of men to things and to other men may not be so easily classified on the basis of "real" or physical attributes. We know, for instance,

that people will react in the same way to external stimuli which according to all objective tests are different, and perhaps also that they will react in a completely different manner to a physically identical stimulus if it affects their bodies in different circumstances or at a different point...[I]n his conscious decisions man classifies external stimuli in a way which we know solely from our own subjective experience of this kind of classification.

To illustrate the subjectivity of ideas, Hayek considers the concept of a 'tool' or 'instrument,' or of any particular tool such as a hammer or a barometer....

[T]hese concepts cannot be interpreted to refer to 'objective facts,' that is, to things irrespective of what people think about them....[A]ll express relationships between several (at least three) terms, of which one is the acting or thinking person, the second some desired or imagined effect, and the third a thing in the ordinary sense....And a definition which is to comprise all instances of the class will not contain any reference to its substance, or shape, or other physical attribute. An ordinary hammer and a steamhammer, or an aneroid barometer and a mercury barometer, have nothing in common except the purpose for which men think they can be used.

Hayek continues:

Neither a 'comodity' or an 'economic good,' nor 'food' or money,' can be



F.A. Hayek

Neither a "commodity" nor an "economic good," nor "food" nor "money," can be defined in physical terms but only in terms of views people hold about things...This history of any particular commodity indeed shows that as human knowledge changes the same material thing may represent quite different economic categories.

defined in physical terms but only in terms of views people hold about things....The history of any particular commodity indeed shows that as human knowledge changes the same material thing may represent quite different economic categories.

Yet Saint-Simon and his positivist disciples presumed to study society without referring to the minds, changing ideas and subjective values of the persons who compose it. They attempted to analyze from the outside complex social phenomena, which they naively took to be self-evident and given. They tended

to disregard all the 'merely' qualitative phenomena and to concentrate, on the model of the natural sciences, on the quantitative aspects, on what is measurable....The blind transfer of the striving for quan-

titative measurements to a field in which the specific conditions are not present...is the result of an entirely unfounded prejudice. It is probably responsible for the worst aberrations and absurdities produced by scientism [the misapplication of the methods of the physical sciences] in the social sciences.

With inexorable logic, Hayek's thesis is driven home to the reader. Nothing about society can be interpreted and understood without reference to individuals, their minds, and the purposiveness of their actions. "Facts" in the social sciences, he writes, "differ from the facts of the physical sciences in being beliefs or opinions held by particular people, beliefs which as such are our data, irrespective of whether they are true or false, and which, moreover, we cannot directly observe in the minds of the people but which we can recognize from what they do and say merely because we have ourselves a mind similar to theirs." When positivists attempt, Saint-Simonian "fashion," to apply the methods of the physical sciences to the study of society, they try to limit themselves to considering only what they call the "real," *i.e.*, the physical or material aspects of a social aggregate or institution. They try to study society by observation, quantification, and measurement. They ignore the fundamental distinction between physical phenomena, which may be objectively identified and analyzed, and social phenomena, which cannot be recognized and classified, let alone understood, except by referring to the mind and ideas of individuals. Thus, to interpret what individuals do and to understand the institutions and societies developed as a result of their actions, the social scientist must start "systematically...from the concepts which guide individuals in their actions." This is "the characteristic feature of that methodological individualism which is closely connected with the subjectivism of the social sciences....And it is probably no

exaggeration to say that every important advance in economic theory during the last hundred years was a further step in the consistent application of subjectivism." Insofar as the doctrines of positivism and historicism still have influence, "progress" in the sciences of human action has been backward.

One of Hayek's important contributions—in this book and elsewhere—is his explanation of the dangers of central planning and of the unplanned benefits of interpersonal cooperation. Individuals benefit in many ways from the separate actions of others, the full consequences of which are neither planned nor foreseen. The purposive and independent actions of separate individuals, each aiming at personal goals, produce social arrangements which, though not intentionally designed by anyone, serve human needs and wants better than any consciously planned institutions could have. In this way societies have developed, languages have evolved and markets have appeared. Through the market's pricing system, individuals gain knowledge about the availability of goods and services, knowledge which does not exist as an integrated whole in any single mind. Unplanned market processes guide producers as if, in Adam Smith's words, "led by an invisible hand." As Mises wrote, "The individual does not plan and execute actions intended to construct society. His conduct [social cooperation and the division of labor] and the corresponding conduct of others generate social bodies."

A major theme of this book is that the positivists were "unwilling to renounce any of the powers of conscious control." As a result, they failed to comprehend society and the functioning of social cooperation, "the larger process of which as individuals we form merely a part." Their "fear of employing any anthropomorphic conceptions, a fear so characteristic of the scientific attitude...has produced an almost complete ban on the use of the concept of 'purpose' in the discussion of spontaneous social growths, and it often drives

positivists into an error similar to that they wish to avoid: having learned that it is erroneous to regard everything that behaves in an apparently purposive manner as created by a designing mind, they are led to believe that no result of the action of many men can show order or serve a useful purpose unless it is the result of deliberate design." Thus Comte and his followers concluded by advocating a socialistic society,

complete with a centrally planned economy.

Readers who are interested in the methodology of the social sciences and in the history of economic thought will find it well worthwhile. Those wishing to understand the origins of socialism will find it necessary reading, for this work is a classic well deserving of the handsome edition now available.

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