

Why Evolution? Hayek in Chicago

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Nobel Laureate Friedrich August von Hayek was an unconventional economist. He veered away from technical analysis relatively early in his career in order to pursue epistemological, psychological and ethical questions. His investigations resulted in a theory of cultural evolution, which meant both to explain the emergence of the free market and to promote it. This theory remains the most criticized and least known part of Hayek's work, though he considered it the epitome of his intellectual efforts. In my talk, I will examine the reasons that led Hayek to turn to evolution in his defense of methodological individualism and the free market. I will also point to the problems such a move presented. Starting with a survey of Hayek's criticism against positivism and the over-use of mathematical and statistical tools in economic analysis, I will proceed to examine the differences between his view of economics and the position of his good friend, Milton Friedman. I will then show how Hayek's foray into psychology paved the way to his evolutionary account of the emergence and selection of the spontaneous market order. I will conclude with a suggestion that Hayek's appeal to evolutionary arguments, though fraught with problems, might indicate a more promising direction for research than the mainstream view identified with the Chicago school.