

are not public. The response to McCloskey's inquiry, "If you're so smart, why aren't you rich" is "Some people are very rich" (Readers should have a look at McCloskey's evasion of this objection on p. 109).

Further, it is not impossible that winning systems *are* revealed: perhaps their inventors think them very complicated and unlikely to be adopted by the public. I hasten to add that I know of no such system—and if I did, I wouldn't disclose it.

But suppose that McCloskey is right: No one can out-predict the market. Does this tell conclusively, as McCloskey imagines, against social engineering? I cannot see that it does. Remember, social engineers are proposing to interfere with the market, not to predict the results of its unimpeded operation. If one cannot beat the market, how does this show that one cannot successfully regulate it? Fortunately, excellent arguments against interventionism exist; but McCloskey's is not one of them.

Nevertheless, McCloskey deserves credit for her defense of freedom. "[I]f you try to achieve The Rational Society, the one that maximizes Utility, you can easily create nightmares of unfreedom. You can see it in modern architecture.... You can see it in the startling share of government in national income, over fifty percent against five or ten percent a century ago" (p. 117). Well said, Aunt Deirdre. ♦

## All in the Family?

**MARX, HAYEK, AND UTOPIA**

Chris Matthew Sciabarra

SUNY Press, 1995. x + 178 pgs.

Within *Marx, Hayek, and Utopia* lies a very good book struggling to escape. Chris Sciabarra has asked a penetrating question and brought to light important material in his pursuit of an answer to it. Unfortunately, he is enamored of an odd philosophical doctrine that he cannot refrain from discussing. This skews, but does not ruin, his presentation.

As everyone knows, Friedrich Hayek criticized socialism to devastating effect. For Hayek, the assault on socialism extended beyond economics. As he saw matters, socialists were in the grips of "constructivist rationalism." They falsely thought that they could subject society to total control through planning. Their schemes ignored the fact that society is a "spontaneous order," a phrase that readers of Hayek cannot fail to recognize. Only the market can handle the complex details of social organization. It does so by coordinating the "tacit knowledge" of producers and consumers.

Sciabarra asks a fundamental question: is Marxism a type of constructivism that falls before Hayek's

critique? Hayek of course took it as a prime example of rationalism gone mad. Does not the *Communist Manifesto* famously promise an end to “all hitherto existing society?” After the fun and games of the dictatorship of the proletariat, humanity would be poised to enter the “kingdom of freedom.” In that happy consumption, scientific planning would be the order of the day. What could be more constructivist?

Sciabarra is not convinced. He sees Marx as an ally, not an opponent, of Hayek. But how can this be? Does it not pass all understanding to enroll the founder of scientific socialism under the banner of Hayek’s attack on the constructivists? Yet this is just what our author does: “Marx was fully cognizant of the limits of reason. He criticizes utopians for their belief that people can achieve collective competence instantaneously” (p. 60).

Here precisely lies Sciabarra’s solution to the paradox. Hayek has struck with complete accuracy at the utopians. They foolishly imagine that ideal societies can be deduced from self-evident premises, entirely apart from history.

Not so Marx. Hayek’s point, he holds, is entirely right—human beings cannot leap out of their historical context to devise utopians. But

history itself develops so that the proletariat *can* assume conscious direction of society. We should, Marx thinks along with Hayek, always view events within their historical context. But when the proletariat rises in revolt, it does not transgress this essential precept. Hayek’s principle of spontaneous order is, in Marx’s view, itself not historical enough. It held true only within a certain period, but its day has come and gone.

“Whereas Hayek views the strictures on human knowledge as tacit and existentially limiting, Marx views them as historically specific to precommunist social formations. Marx—and his critical successors—suggest a resolution in which human agency triumphs over unintended social consequences through the full articulation and integration of tacit and dispersed knowledge” (p. 119).

Sciabarra does not endorse Marx’s response—far from it. Indeed, though he does not tip his hand in the book, I suspect that he is on this issue a Hayekian. But, if Sciabarra does not agree with Marx’s relegation of the market to the dustbin of history, an issue requires his attention. How has Marx in any way responded to the issue Hayek has raised? Has Marx shown that a complex modern economy can

**Cascades of words about alienation do not disguise the fact that Marx’s view is arrant nonsense.**

operate without benefit of the market? Quite the contrary, he refused to speculate on the shape of the future socialist paradise. To do so, he thought, would preempt history.

Here then is the issue that Sciabarra needs to confront. Granted that he has raised a key question—how might a Marxist respond to Hayek—he must go further. He needs to assess the cogency of the Marxist answer. Unfortunately, he largely neglects to do so. He does discuss several socialist responses to Hayek—of this more later.

But he never tells us why we should give the slightest credence to the Marxist pipe dream of transcending spontaneous order. More generally, he takes seriously the wildest flights of Marxist fantasy. He notes that the “Marxian vision is dependent on an implicit, systemic transformation that would end the fragmentation and division of labor and knowledge.... As the market process is transcended, systemic fragmentation would be brought to an end, socialism would unite knowledge and labor, providing the basis for a revolutionary change in the character of the production process” (p. 91). It is not enough that conscious planning replace the market; the division of labor must go as well. Once more, Sciabarra does not endorse this vision; he merely describes it. But this is just the problem. Suppose that someone presented, in elaborate detail, Charles Fourier’s claim that in his utopia,

**Why cannot our  
author call  
nonsense by its  
name? The answer  
lies in Sciabarra’s  
philosophical  
position.**

the ocean would turn to lemonade. Without endorsing the view, our imagined author treated it as a serious proposal. Would we not think that something had gone wrong? If so, why not here? Cascades of words about alienation do not disguise the fact that Marx’s view is arrant nonsense.

Exactly the same flaw infects one of the most valuable features of the book. Our author brings to light several socialist responses to Hayek. Perhaps the most significant of these has been offered by Hilary Wainwright, the wife of the world’s most unintelligible philosopher, Roy Bhaskar.

Wainwright finds much merit in Hayek’s emphasis on tacit knowledge. But she thinks Hayek is in thrall to an atomistic view of human knowledge. This our author vigorously combats: Hayek, in his view, needs no lessons from Marxists on the dangers of atomism. His conception of knowledge lacks for nothing in its sensitivity to the social.

Wainwright, like all influenced by

Marx who address the calculation argument, thinks that Hayek underestimates the chances of collective control over the economy. Sciabarra responds with a degree of skepticism. "To posit an end to the market, or violent interference with its network of relative prices, is to posit an end to the very context which gives meaning to articulated and tacit epistemic elements" (p. 114).

Does Sciabarra intend this as a decisive denial of Wainwright? I am uncertain; he may be merely describing a Hayekian response. True, our author usefully adumbrates problems that arise in her scheme, but I suspect that his heart lies elsewhere than in the analysis of economic detail.

Once more, his prime concern is to contrast Hayek's point of view with Marxism, to the disadvantage of neither side. Though Hayekians might criticize Wainwright and her allies for overly "therapeutic means for the articulation of tacit elements of mind," the debate is not concluded. "[T]hinkers such as Wainwright and Habermas compel

**Explanation of  
Sciabarra's talisman,  
internal relations,  
quickly throws us  
into very murky  
waters.**

Hayekians to recognize the efficacious possibilities of a radical psychology" (p. 115).

Again, Sciabarra has posed the contrast: Hayekian tacit knowledge and spontaneous order, versus Marxist conscious control. He declines to condemn the Marxist view: it, like Hayek's, counts as anti-utopian.

Why cannot our author call nonsense by its name? The answer, I venture to suggest, lies in Sciabarra's adoption of an unfashionable philosophical position. In part influenced by his dissertation advisor, the Marxist Bertell Ollman, our author professes the doctrine of internal relations.

Both Hayek and Marx, as he sees matters, adopt this principle. The attribution of the doctrine to Marx stems from Ollman: its ascription to Hayek is an innovation. The doctrine is for our author the key to all philosophical mysteries: its adoption allows a dynamic, dialectical concept of history. Rather than fall prey to "dualism," our author's *bête noire*, those with this key to the kingdom can see events in proper context.



Visit our web site for highlights  
from previous issues of  
*The Mises Review*  
<http://www.mises.org>

Sciabarra goes so far as to speak of Hayekian dialectics, although he humorously notes that some “commentators have stated that to accuse Hayek of ‘dialectical affectations’...would make him turn around in his grave” (p. 17).

I must now issue a warning. Explanation of Sciabarra’s talisman, internal relations, quickly throws us into very murky waters. But the issue is important, so I shall say a little about it—after all, this is my *Review*. According to internal relations, everything is essentially related to everything else. Put in a slightly stricter way, all of a thing’s properties and relations are essential to it. (Can you see why it follows from this that everything is related to everything else? No, I’m not telling.)

Applied to human society, for example, proponents of this view maintain that you would not exist without your relations to other people and institutions. It is not just that you are strongly affected by what goes on around you: no one questions this. Rather, you would not exist at all, absent these relations.

Let’s try again, in order to grasp just how radical the doctrine is. Consider this sentence: “If I had grown up in Japan, many of my beliefs would differ from what are in fact my

actual beliefs.” A proponent of internal relations will dismiss the antecedent of this statement as meaningless. I grew up in America, and my having done so is one of my essential properties. Thus there is no “I” who might have grown up elsewhere.

This view strikes me as radically at odds with common sense. Further, if one accepts it, science, which deals constantly with hypotheticals, goes by the board. Should we not be very careful before we saddle Hayek with so bizarre a view? (It is perfectly all right with me if Sciabarra wishes to enlist Marx as an internal relationalist.)

On what basis, then, does our author do so? His evidence consists in large part of passages where Hayek emphasizes “the importance of historical and systematic context...Both Hayek and Popper argue against reductionism in the social sciences since society is *more* than the mere sum of its parts” (p. 17).

I urge readers to look at Sciabarra’s discussion (p. 15ff) for themselves, but for my part, I cannot see that anything he quotes demands that we must foist belief in internal relations on Hayek. No one, certainly not supporters of methodological individualism, denies that individuals are influenced by their social relations. But it does not follow

**In spite of  
the author’s  
hobbyhorse,  
his book is  
well worth  
reading. If  
only he would  
reconsider  
internal  
relations.**

that we can drop out the “influenced” and say: “individuals *are* (in part) their social relations.”

Sciabarra of course disagrees; but he must adopt heroic measures to hew to his path. As even Macaulay’s schoolboy knows, Hayek often defended methodological individualism. This doctrine clashes with the “organic” view that our author prefers. Individualists try to show how institutions arise from persons’ actions (as Hayek endlessly reiterates, not necessarily with the results intended). To do so, one must be able to speak of individuals apart from these institutions—for Sciabarra, the supreme no-no.

What is Sciabarra to do? He is too good a scholar to ignore Hayek’s defense of methodological individualism. But, he contends, in his later work, Hayek came to modify, if not give up altogether, the individualist view. If so, the Hayek our author has in mind must be *very* late indeed. When I attended Hayek’s class on “Philosophy of Social Sciences” at UCLA in 1969, he seemed firmly in what for Sciabarra is the enemy camp. Perhaps, though, Hayek was then an immature thinker, and didn’t come into his own until his 70s and 80s.

Suppose though, that Sciabarra is right about Hayek. So what? Has he given us any reason to adopt this view? I am constrained to say that he has not. Instead, Sciabarra piles up lists of what he takes to be favorable adjectives for his position: it is dynamic, organic, dialectical, etc. The

opposed position is static, abstract, idealistic. One might call this, following the General Semanticists of unhappy memory, philosophy by purr and snarl words. Where are his arguments for internal relations?

In spite of the author’s hobbyhorse, his book is well worth reading. If only he would reconsider internal relations... But he seems unlikely to do so. In another work of this prolific author, *Ayn Rand—The Russian Radical*, he endeavors to show that Rand was an organic, dialectical thinker, as well. As such she, like Hayek and Marx, is to be celebrated. Did it ever occur to Sciabarra to ask why? ♦

## Wither’d Garland of War

### THE COSTS OF WAR: AMERICA’S PYRRHIC VICTORIES

John V. Denson, Editor

Transaction Publishers, 1997. viii +  
450 pgs.

**T**he contributors to this outstanding volume have grasped a simple but unfashionable truth: war is a great evil. It entails horrible suffering and death on a large scale and has served as the principal means for the rise of the tyrannical state. Why then, do wars take place? So far as the wars of the United States, the chief subject of the book, are concerned, the contributors place the main blame on intellectuals and power-hungry