

POPPER, WEBER, AND HAYEK:
THE EPISTEMOLOGY AND POLITICS
OF IGNORANCE

ABSTRACT: *Karl Popper's methodology highlights our scientific ignorance: hence the need to institutionalize open-mindedness through controlled experiments that may falsify our fallible theories about the world. In his endorsement of "piecemeal social engineering," Popper assumes that the social-democratic state and its citizens are capable of detecting social problems, and of assessing the results of policies aimed at solving them, through a process of experimentation analogous to that of natural science. But we are not only scientifically but politically ignorant: ignorant of the facts that underpin political debate, which are brought to our attention by theories that, as Max Weber emphasized, can be tested only through counterfactual thought experiments. Public-opinion and political-psychology research suggest that human beings are far too unaware, illogical, and doctrinaire to conduct the rigorous theorizing that would be necessary to make piecemeal social engineering work. F.A. Hayek realized that the public could not engage, specifically, in piecemeal economic regulation but failed to draw the conclusion that this was due to a specific type of political ignorance: ignorance of economic theory.*

The more we learn about the world, and the deeper our learning, the more conscious, specific, and articulate will be our knowledge of what we do not know, our knowledge of our ignorance.

—Karl Popper (1960, 69)

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Karl Popper, Max Weber, and F. A. Hayek have in common a relentless focus on human ignorance. The methodological views of Popper, Weber, and Hayek are grounded in a radical awareness of the ignorance of human *scientists*. If extended to the conduct of human *citizens*, this awareness provides a new understanding of the modern state. An ignorance-based view of the state is fully consistent with a mountain of political-science research that only awaits integration from this radically new perspective.

I. REMEDIES FOR IGNORANCE IN NATURAL AND SOCIAL SCIENCE

Whether we are dealing simply with a conceptual game or with a scientifically fruitful method of conceptualization and theory-construction can never be decided a priori.

—*Max Weber* (1949, 92)

At the moment, the role of ignorance in politics is studied primarily by empirical public-opinion researchers, on the one hand, and on the other by “rational-ignorance” theorists who take their cue from economics. In principle, the notion of rational ignorance accommodates the recognition of ignorance within a broadly economic approach to politics. But the principle is flawed: political ignorance is not usually rational (or so I will argue). And even if the rational-ignorance hypothesis were in principle true, economic approaches are in practice alien to new (and clear) thinking about ignorance, because they tend to reduce politics to narrow self-interest—the very thing that is, without any scholarly assistance, already widely deplored in democratic cultures under the rubric of *corruption*.

Thinking of politicians as corrupt may be satisfying—something for which I will try to account. But it is not the whole story. A focus on logrolling, larceny, and lying leaves out the passion, ideology, misunderstanding, and sheer mistakenness that so often characterize politics. Corruption involves *deliberately dissembling* about one’s ends or one’s behavior. The corrupt actor, in short, knows what he’s doing. The ignorant actor does not.

A focus on corruption is, in its cynical way, wildly hopeful: if political evils are the result of intentional deceptions, then with enough honesty or transparency (or enough district attorneys), things could be set right. This naïveté is matched by the crackpot tendencies inherent in

the corruption theorist's insistence that what seems *not* to be self-aware and narrowly self-interested behavior always *really* is. The crackpot insists that he knows all—and that the people about whom he knows all also know all. This is not a perspective that is well suited to understanding the behavior of fallible human beings, whose hallmark is *inadvertent error*.

Cynicism is not necessarily realism. Cynicism is a worldview, as fallible as any other.

James Buchanan (2003, 9), a pioneer in the economic or “public-choice” approach to politics, recognizes this. He emphasizes that public-choice theory is not based on universal laws, predictable a priori:

The economic model of behavior, even if restricted to market activity, should never be taken to provide the be-all and end-all of scientific explanation. Persons act from many motives, and the economic model concentrates attention only on one of the many possible forces behind actions.

Still, just as in Western “economies” *Homo economicus* makes very frequent appearances, such that instances of instrumentally irrational or altruistic behavior do not nullify the value of economic theory, in politics, people frequently display instrumental rationality and self-interest-*edness*. Therefore, instrumentally irrational voters, altruistic voters, fanatics, nationalists, political activists, and symbolic political appeals “falsify” rational-choice and public-choice theories only if these theories are treated like the laws of physics, which a single contrary event would disprove. If we renounce the quest for universal laws of social science, we can accept with equanimity the less-than-universal truths of rational- and public-choice theory in many particular cases—as well as accepting that in many cases the theories do not seem apt.

The well-known oscillation of rational- and public-choice theorizing between bold but false claims and true but inconsequential or even tautological ones (Green and Shapiro 1994; Friedman 1995, 21–22n1) stems from the assumption that science, including social science, is a matter not so much of testing the *applicability* of a *hypothesis* in a particular case as it is a matter of using particular cases to test for, or against, universally valid laws. When data that would falsify such a law are found, the temptation is to redefine the “law,” often to the point of emptiness, such that, for instance, *all* political behavior gets classified as

self-interested because even the most pointless self-sacrifice must be “pleasing” to the one making it (as vs. Olson 1971, 160n1).

But insisting that either instrumental rationality or self-interestedness *must be* a lawlike regularity contradicts the open-mindedness that is the touchstone of science, according to Popper. Even in natural science, the uniformity of the universe is but an assumption (Popper 1961, 102). The uniformity of political motives is a logical possibility (a priori), to be sure; and to the extent that they are able to screen out cultural variations in the effects that they observe, experimental psychologists, including behavioral economists, may already have discovered such uniformities (a posteriori). But they have not discovered either a universal law of instrumental rationality or a universal law of self-interestedness, and there is no reason to think that they will. Indeed, they have discovered many exceptions to both “rules,” and only a misunderstanding of the role of self-interest in human evolution, or a myopic focus on what sometimes happens in markets, could make such exceptions seem anomalous.

If rational- and public-choice theorists would treat their theorems not as universal predictions but as fallible hypotheses about particular cases, the theorems could be as useful when they turned out to be false as when they did not. As Popper’s friend Hayek (1973, 16) put it, “All of the statements of theoretical science have the form of ‘if . . . , then . . .’ statements, and they are interesting mainly insofar as the conditions we insert in the ‘if’ clause are different from those that actually exist.” Rational-choice avatar Mancur Olson (1961, 161) carefully noted at the end of his *Logic of Collective Action* that “where nonrational or irrational behavior is the basis” of the phenomena modeled in the book, rational-choice theory does *not* apply, and “it would perhaps be better to turn to psychology or social psychology than to economics for a relevant theory.” Since we know, for instance, that the millions of voters in large electorates in which a single vote virtually never affects the outcome *cannot* be voting out of (well-informed) instrumental rationality, we can seek out other explanations for their behavior.

To their credit, rational- and public-choice theories spread partly as correctives to positivism in political science—which can degenerate into mindless data gathering if its practitioners are unaware of the theories they are implicitly using to prioritize and understand data. Non-rational-choice empirical research often proceeded (and still proceeds) as if findings about, say, legislative behavior in a not-especially significant time and place are valuable because some unidentified force of nature ensures

that the data are typical, and thus cast light on legislative behavior everywhere and always. Naïve positivism, then, can suffer from the same tendency that sometimes mars rational- and public-choice theorizing: treating particularistic hypotheses as if they were universal laws.

Unlike naïve positivists, rational- and public-choice theorists recognize that theories are necessary, and that our only real choice is whether to use tacit and possibly self-contradictory theories, or else to be explicit and rigorous about them. Unfortunately, since—unlike Buchanan and Olson—they also tend to assume that scientific theories must state universal laws, rational- and public-choice theorists often replace the sometimes-tacit positivist assumption that there is *some* homogenizing force at work in politics with the claim that this force is either instrumental rationality *simpliciter*, or instrumental rationality in the pursuit of self-interest. This is, if anything, more objectionable than positivism because it presumes to know a priori what the universal causal force is.¹

In what Nimrod Bar-Am and Joseph Agassi (2005) characterize in these pages as the prescriptive interpretation of Popper, his fallibilism enjoins scientists to take account of their ignorance by trying to falsify their own theories. As Boris Maizel (2005) emphasizes below, this is a task poorly suited to real human beings, who become emotionally attached to their theories. (Popper himself was hostile to criticism of his theories.) But as Bar-Am and Agassi and Fred Eidlin (2005) note below, Popper can also be interpreted descriptively. According to this interpretation, “science”—a set of practices centered on potentially falsifying experimentation—is a functional equivalent to open-mindedness. Scientific practices transcend, if imperfectly, the proclivity toward dogmatism likely to be displayed by any given scientist. The scientific norm of respect for the results of controlled experimentation relieves scientists of the inhuman burden of detachment that would be placed on them by the norm of self-criticism.

We need to control our theorizing through experimentation only because, and to the extent that, we *cannot* know, a priori, how accurate our theories are. We need to produce theories, in turn, only because, and to the extent that, the world is too complex to be self-evident to us. Experiments test the applicability of theories; theories direct our attention to certain “facts” among the “blooming, buzzing confusion” of phenomena in the world. Theories are interpretations of which facts cause other facts, and interpretation is necessary only if the facts and their interconnections do not speak for themselves—as they seem to do in the self-interpreting world of the naïve positivist. As Hayek (1942,

71) argued in his seminal paper, “The Facts of the Social Sciences,” when we are dealing with

a language or a market, a social system or a method of land cultivation, what we call a fact is either a recurrent process or a complex pattern of persistent relationships which is not “given” to our observation but which we can only laboriously reconstruct. . . . What we call historical facts are really theories which, in a methodological sense, are of precisely the same character as the more abstract or general models which the theoretical sciences of society construct. The situation is not that we first study the “given” historical facts and then perhaps can generalize from them. We rather use a theory when we select from the knowledge we have about a period certain parts as intelligibly connected and forming part of the same historical fact. We never observe states or governments, battles or commercial activities, or a people as a whole. When we use any of these terms, we always refer to a scheme which connects individual activities by intelligible relations; that is, we use a theory which tells us what is and what is not part of our subject.

Theory is necessary only if *the truth is not obvious*. So it hardly makes sense to insist that the rigorous corrective to naïvely atheoretical positivism is to model political action on the alleged *obviousness* of instrumental rationality or of rational self-interest as the prime mover of all human behavior. This metaphysics of the obvious merely pushes the error of naïve positivism back a step. Theories are no more self-evident than the phenomena they are supposed to explain.

Weber and Ignorance in Social Science

Jonathan Eastwood’s essay below on Weber’s theory of religion (Eastwood 2005) exemplifies how fallibilist social science is encouraged by Weber’s methodology of “ideal types.” According to this methodology, a theory such as rational choice—or, in Eastwood’s case, Weber’s own theory of actions that are instrumental to the “search for meaning”—is treated as a hypothesis that *might* explain some part of a given social reality: none of it, a little of it, a lot, or possibly all of it (although Weber [1949, 90] unaccountably denies the last possibility).

Weber (1978, 24–25) divides human motivation into four types of “rationality.” In addition to the economist’s instrumental rationality, there is “affective” rationality, which at the extreme results in emotional

reflex behavior; “traditional” rationality, which at the extreme results in rote inflexibility; and “value” rationality, which results in actions taken for their own sake (as duties), rather than as means to other ends. The four forms of rationality are ideal types that may or may not explain any particular instance of human behavior. While Weber’s schema is not the only way of dividing up human motives, it has the advantage of opening the social scientist’s mind to the possibility that people will behave in ways that are—from the perspective of someone who adheres to another of the four types—“irrational.” Weber is reminding us that instrumental rationality (let alone the selfish variety of instrumental rationality) has to be both (a) *present* as a motive, and (b) acting upon the agent’s behavior *unalloyed* by any of the other three ideal types, if it is to produce the behavioral results predicted by rational-choice theorists (or the *Homo economicus* results modeled by public-choice theorists).

Condition (b), which is captured in the *ceteris paribus* clause routinely gestured at by social scientists, is enough of a limit on *natural* science to build the scientist’s ignorance of some parts of nature into his overall model of it *if* we assume, meta-theoretically, that natural causal forces which seem to have been established as regularities thus far (by virtue of not being falsified) are everywhere and always present. The *cet. par.* clause makes us notice that these forces might, in principle, be present but counteracted by other universal forces, such that in the aggregate, uncontrolled by experimentation, we may well be unable to make “point predictions.” This is to say that, lacking Laplacean omniscience, we can, at best, make rough weather forecasts—not predictions of the exact size and trajectory of a specific raindrop (see Upham 2005).

But in social science, we need to add, to the *cet. par.* restriction, condition (a), which repudiates the a priori assumption (as opposed to the hypothesis, to be tested a posteriori) that any given force, such as instrumental rationality or selfishness, *is* present in a particular time and place—even if we *do* hold countervailing conditions in that time and place constant. The narrow lesson for rational- and public-choice theorists is that we should treat as an open question whether in any given case, people will act from instrumentally rational or self-interested motives. We need not homogenize our understanding of “human action” such that we ignore, deny, or define away instrumentally irrational or non-selfish motives. Nothing scientific is gained by doing so: the simplification inherent in all empirical theorizing does not license closing our eyes to evidence against a hypothesis about a particular event.

The larger lesson is that the empirical task of the social scientist is to

investigate which particular parts of reality are best explained, and to what extent, by a particular ideal type.

The complexity of social phenomena means that a posited force may not be present in a given time and place or that even if it is, its effects may be too small to be *visible* upon gross inspection, because the posited force is counteracted by other forces. Thus, a social-science theory can

never be verified or falsified by reference to facts. All that we can and must verify is the presence of our assumptions in the particular case . . . The theory itself, the mental scheme for the interpretation, can never be “verified” but only tested for its consistency. (Hayek 1942, 73.)

Hayek’s remarkable dictum is justified by the fact that our theory may prove to “be irrelevant because the conditions to which it refers never occur; or it may prove inadequate because it does not take account of a sufficient number of conditions” (ibid.). When dealing with complex social phenomena, then, “we do not ask whether the hypotheses we used are true or whether the constructs are appropriate, but whether the factors we have singled out are in fact present in the particular phenomena we want to explain, and whether they are relevant and sufficient to explain what we observe” (Hayek 1955, 11). Since (a) the applicability and (b) the magnitude of a given ideal type cannot be known in advance by human beings who are ignorant of most of the particular “data” of the social universe, and who would be overwhelmed if they tried to assimilate all of it, social science has to be historical, not predictive (except in a hypothetical way), if it is to avoid dogmatism. That is, if we cannot know a priori and therefore *ex ante* whether a particular causal force will be present and potent in a given case, we must discover this *ex post*.

It would seem . . . that the conception of law in the usual sense has little application to the theory of complex phenomena [such as biology and economics]. . . . Though we possess theories of social structures, I rather doubt whether we know of any “laws” which social phenomena obey. It would then appear that the search for the discovery of laws is not an appropriate hallmark of scientific procedure but merely a characteristic of the theories of simple phenomena [such as physics]. (Hayek 1964, 41–42.)

Why *can't* we know the truth about the empirical world a priori? This question is equivalent to asking why we should be fallibilists in the first place, or why open-mindedness is the essence of science. We should be fallibilists only because, and to the extent that, we are not omniscient. We should be open-minded only because, and to the extent that, the world is complicated (to us). If we were omniscient, we wouldn't need to investigate the world, and we wouldn't need either natural or social science to help us do it. The first reason for political scientists to pay attention to Popper, Weber, and Hayek is, therefore, methodological.

By putting our ignorance at center stage, Popper, Weber, and Hayek discourage the conflation of science with a dogmatic insistence that there *must be* lawlike regularities in the social world. They also discourage the conflation of science with the positivist data gathering that, in natural science, might be justified as part of "normal" Kuhnian intra-paradigmatic progress. In social science, as Liah Greenfeld (2005) notes below, data gathering proceeds within "research traditions" that are often shaped by now-forgotten or incoherently remembered normative concerns, and are overturned not by the revolutionary falsification of older theories through controlled experimentation, but by the faddish professional desire for something new to do.

II. THE INTRACTABILITY OF POLITICAL IGNORANCE

If it is true that in subjects of great complexity we must rely to a large extent on . . . theories that are difficult to disprove, the elimination of inferior rival theories will be a slow affair, bound up closely with the argumentative skill and persuasiveness of those who employ them. There can be no crucial experiments which decide between them. . . . It is . . . because of the refractory nature of certain subjects that these difficulties arise.

—*F.A. Hayek (1955, 19)*

Politics is more difficult than physics.

—*Albert Einstein*
(in *Neuman 1986, 169*)

The second reason for scholars of politics to follow Popper's, Weber's, and Hayek's focus on ignorance is less methodological than substantive. So far, only a handful of political theorists, including David Ciepley (1999), Tom Hoffman (1998), Reihan Salam (2003), Ilya Somin (1997),

and Matthew Weinshall (2003), have noticed that one of the “research traditions” in political science—the tradition of public-opinion research—has accumulated an ocean of findings about *political* ignorance that are potentially lethal to the pro-democracy normative consensus in political science, in economics, and in our culture at large.

As John Ferejohn (1990, 3) has put it, “nothing strikes the student of public opinion and democracy more forcefully than the paucity of information most people possess about politics.” Indeed, public-opinion researchers sometimes seem to compete with each other to come up with the best adjective to describe the breadth and depth of public ignorance: is it “jaw-dropping” (Luskin 2002, 4)? Or merely “astonishing” (Converse 1975, 79)? In one instance, two out of three Americans failed to recognize the Bill of Rights when it was read to them (Sniderman, Brody, and Tetlock 1991, 15). At any given time, about one in four don’t know who the vice president of the United States is (Luskin 2002, 6). Two in five were found to believe that Israel is an Arab nation (*ibid.*). Meanwhile, “the most commonly known fact about George [H. W.] Bush’s opinions while he was president was that he hated broccoli. During the 1992 presidential campaign . . . 86 percent of the public knew that the Bushes’ dog was named Millie, yet only 15 percent knew that both presidential candidates supported the death penalty” (Delli Carpini and Keeter 1996, 101).

Whether the topic is the absence of weapons of WMD in Iraq; who is on the Supreme Court; which side Russia led during the Cold War (Page and Shapiro 1992, 10–11); or the meaning of such elementary concepts in political discourse as *liberalism* and *conservatism* (Converse 1964), the public’s political ignorance is so immense that one cannot help wondering how effective democratic politics can be at achieving good ends, and at avoiding the inadvertent achievement of bad ones.

The usual measures of public ignorance might be dismissed as revealing only ignorance of political trivia, but it is difficult to imagine that anyone who is thinking deeply about politics could fail to pick up the basic information that the public lacks (*cf.* Bennett 2003). And public ignorance extends to matters that are directly relevant to public policy. For instance, “Americans grossly overestimate the average profit made by American corporations, the percentage of the U.S. population that is poor or homeless, and the percentage of the world population that is malnourished” (Delli Carpini and Keeter 1996, 100). “Fewer than a quarter could define terms like *fiscal policy* or *monetary policy* or describe what is meant by ‘free trade between nations’” (*ibid.*, 73). Out of 80

questions about economics asked in public-opinion surveys between 1940 and 1994 that were examined by Michael X. Delli Carpini and Scott Keeter, “less than 5 percent were correctly answered by at least three-quarters of the public” (*ibid.*, 71–72).

The situation is particularly worrisome if we consider the source of political ignorance: the inherent complexity of politics. The citizens of a modern democracy are trying to be well informed about social-science questions that confound even social-science professionals—because of the difficulty of using controlled experimentation to answer them. One’s suppositions about the likely effects of the various public policies “debated” in the political arena will determine which facts one picks out of the blooming, buzzing confusion of that debate as relevant, and it will determine how one interprets those facts. But without controlled experimentation to anchor its theoretical suppositions, the public is largely at sea. When public-opinion researchers enumerate the shocking levels of factual ignorance displayed by members of the public, they are really cataloguing the haphazard and often incoherent theorizing in which we, the people engage in our capacity as amateur social scientists.

Political Epistemology

Not that professional social scientists are much better off. They must use, in place of laboratory experiments, a different form of controlled experimentation: experimentation through counterfactual thinking. This entails imagining what is, by definition, difficult for us to “see”: what is (to us) complex. While all causation is, of course, ultimately invisible, a laboratory experiment makes the *effects* of an otherwise invisible cause visible by conforming (or failing to conform) to a prediction about how such a cause would change visible phenomena, *cet. par.* As imperfect as even laboratory experimentation is in making the unseen seen, and as subject as laboratory experiments are to varying interpretations of what has been seen, it is at least the case that by taking the *ceteris paribus* clause seriously enough to exclude potentially countervailing forces, the laboratory experiment can often *show* us whether a hypothesized force is really present and potent.

But where laboratory experimentation is not possible, science gets more difficult.

First of all, as Greenfeld (2005) points out, the behavior being exam-

ined by social scientists is often governed by *ideas* generated by “creative” (in the sense of unpredictable) processes of analogical association. These ideas are impressed, albeit imperfectly, upon relatively passive social actors (who inevitably, however, contribute their own creative twists) by various cultural media, taking on a path-dependent life of their own. Without laboratory experimentation by either the originators of these ideas or their recipients, there will be few *logical* constraints on what ideas people will invent and will come to believe are true.

The founding document in the tradition of modern public-opinion research, Philip E. Converse’s “The Nature of Belief Systems in Mass Publics” (1964, 211), points out that packages of political ideas—ideologies—are crafted “into apparently logical wholes that are credible to large numbers of people [through] an act of creative synthesis characteristic of only a minuscule proportion of any population.” Since even acts of creative synthesis synthesize previous acts of creative synthesis, the course of ideologies may, “over time . . . depend in a vital way upon currents in what is loosely called ‘the history of ideas’” (*ibid.*, 255). This is to say that the political theories used, in whole or in part, by even the best-informed members of the public are historically variable. Historians, however, can understand them only by making difficult comparisons between what did happen in historical fact and what, counterfactually, might have happened if not for the presence of the “independent variables”—in this case, the previous ideas—that, they hypothesize, caused what did happen to happen. This, too, was a point Weber emphasized (*cf.* Ringer 2004, 84).

Anyone who has attempted the careful analysis of, say, Rousseau’s *Social Contract* will be familiar with the difficulties of counterfactual theorizing. This accounts for the wide disparity in scholarly interpretations of such texts. Yet because of the relatively restricted universe of textual evidence, the counterfactual analysis of the aims or errors of a Rousseau is much easier, in principle, than is counterfactual thinking about which hypothesis best explains political behavior by masses of people acting upon their own theories, derived in turn from the creative syntheses of which they have been partly informed by their cultures. In the counterfactual interpretation of such political behavior there is even more division among the “experts” than there is over the interpretation of a single author’s text. It is utterly fantastic, then, to expect members of the general public to have theories about, say, the nature and causes of the diverse theories that motivate those we call “Is-

lamist terrorists” that are sound enough to be adequate for making good policy judgments about how to respond to the terrorists’ deeds. Yet that is exactly what democracy expects citizens to do.

A second barrier to good social-scientific theorizing, apart from the inherent difficulty of counterfactual thinking, is the fact that every social scientist—including every member of the public who is compelled, by democracy, to act as a social scientist—has himself been shaped by ideas of the sort that are so difficult to decipher in other people. These ideas can be expected to play a significant role in our own theorizing about other people’s theories.

Yet, as the example of professional social scientists depressingly reminds us, most people find it hard to take seriously the implications of their own cultural determination. Even when one does become aware of one’s own cultural determination, it is exceedingly difficult to subject oneself to sufficient self-scrutiny to identify, let alone test, culturally ingrained assumptions that one treats as self-evident truths. Similarly, the theories that inform the judgments of democratic decision makers are likely to be unwitting repetitions of whatever ideas they have been taught—which, again, will be unchecked by anything like controlled experimentation. Expecting cultural self-awareness among members of the mass public, then, is akin to expecting natural scientists to try to falsify their own theories, as under the normative interpretation of Popper—but without even being aware of what their theories are.

A third barrier to the formulation of “reality-based” public policy blocks our path even when cultural variations are relatively small—as in the behavior of *Homo economicus*, however peculiar to the modern Western “economy” that behavior may be. Most social institutions and most social problems, including economic institutions and problems, aren’t intended by anyone. This creates complexities that cannot fully be untangled simply by investigating people’s deliberate motives or culturally conditioned ideas. We need to be able to understand patterns of interpersonal interaction that are different from the aims of any party to them. This entails seeing something other than intentions behind the aggregated results of those interactions.

Yet in politics, as too often in the social sciences, aggregate data are treated as if they “speak for themselves.” Converse found, for example, that one of the most commonly used proxies for information employed by poorly informed voters is “the nature of the times”: if prosperity reigns, then vote for the incumbent party. The problem, of course, is that it is difficult even for “experts” to determine whether the policies

adopted by the incumbents are really responsible for the aggregate end product, prosperity. That determination requires difficult counterfactual reasoning such as is performed by economists (who often disagree with each other). Nature-of-the-times voters are making the classic social-science mistake of conflating correlation with causation. Causation is properly reduced to correlation only when the hypothesized causal variable has been isolated, which cannot easily be done at the aggregate level—say, in determining the causes of unemployment—that is so often demanded by political decision making.

Rational vs. Radical Ignorance

Political decision makers ignore the cultural, spuriously visible, interactive, and thus un-obvious nature of “the facts of the social sciences” not because there is some rational payoff in doing so—ignorance is not its own reward—but because it is hard to discern the concrete implications that follow even if we recognize in the abstract that the world is complex. It is in the nature of ignorance that we don’t know what we don’t know. And it is in the nature of the theoretical lenses through which we see a complex world that, since we think of them as justified (or even as nonexistent, if we believe positivistically that we are seeing the world as it “obviously” is)—otherwise, we would not use them—we tend not to know what their blind spots are. Likewise with the strong points of others’ theories, and the variables that make what seems “obvious” to one person ridiculous to someone else. The opacity of the world may thus introduce *error* into our understanding of it. The problem is not just gaps in our knowledge—the absence of enough information. The deeper problem is the presence of information that, even if accurate in the sense tested by surveys of political “trivia,” may mislead.

Applying this conception of ignorance to politics does not sit easily with the tame hypothesis of “rational ignorance”: the notion that in mass democracies, since people *know* how insignificant their votes are amidst a huge electorate, they *decide* to be ignorant of politics because they calculate that becoming well informed would be a waste of time.

Of the millions of people in mass democracies who *don’t* vote, there are surely some who realize that their votes are unlikely to count, and therefore remain deliberately ignorant of all *other* things political. The rational-ignorance hypothesis might apply to them. But millions of people do vote, and a great many of them make onerous efforts to be-

come well-informed enough to justify voting one way rather than another. Even cursory attempts to become politically informed are instrumentally irrational—if one knows, as the rational-ignorance hypothesis assumes, that the odds of one vote deciding an election are infinitesimally small. People who try to become well informed *despite* the minuscule chance that their opinions will matter (by way of their votes) must be doing so either for instrumentally irrational reasons, such as perceived civic duty; or because they are ignorant of the odds of their votes making a difference—meaning that they *cannot* have rationally weighed those odds against the costs of being well informed.

The rational-ignorance hypothesis explains too much. It would account for public ignorance only if the public's ignorance were *complete*. But while public political knowledge does reach scandalously low levels, it does not reach zero, so it cannot be the result of the public's calculation that it isn't worthwhile to be informed. There is no in-between: either one thinks it is instrumentally irrational to vote, and therefore to be at all well informed about politics; or one doesn't, and one tries to understand politics—as many people do. When people try but fail to achieve the objective of being well informed, the problem must lie elsewhere than in a deliberate decision to be ignorant.

More importantly, the rational-ignorance hypothesis explains too little. Democratic politics is as much an arena of passion as of apathy. Millions of people care deeply about politics, devoting and sometimes sacrificing their lives to it in many cases; in even more cases, remonstrating, demonstrating, organizing, rioting, and terrorizing in the name of their political ideas. These are not the behaviors of people who know that their ideas are grounded in ignorance. One cannot sanctimoniously proclaim the truth of opinions that one is aware are baseless. One cannot work oneself into a fury at the mendacity of those with whom one disagrees if one recognizes that one's disagreement is based on scant and dubious information that is not even worth the effort to acquire. Political idealism, political fanaticism, political vilification, political self-righteousness are irrational—indeed, impossible—as outgrowths of a rational decision to be politically ignorant. Rational-ignorance theory domesticates what is actually the wildest of human behaviors. (If only the theory could so easily tame the reality!) It air-brushes from the picture the immense political power of the unwittingly deluded, and that power is the most fearsome thing on earth. A theory that treats political ignorance as *deliberate* is destined—one can only hope—for irrelevance.

The more disturbing view of political ignorance, but the more reasonable one, is that it is usually unintentional. With the limited time, intelligence, and logic at our disposal, ignorance is our natural state, one into which we are thrust by the limits of our minds when confronting the vastness of a world that we *would* prefer knowing, at least in all its germane details. Political ignorance is, in this view, a cognitive problem—a problem of human finitude—not a motivational or strategic one. This kind of ignorance—radical, as opposed to rational²—opens up the possibility that what we know is not only an incomplete picture of reality, but a blinkered one.

Inadvertent ignorance, the stuff of everyday life and certainly of everyday politics, has potentially fatal consequences both for rational political discourse and for rational policy making. To see why, consider very briefly the main line of political-psychology response to Converse.

Heuristics: Bad Proxies for Knowledge

The initial shock attending Converse's discovery of the public's ignorance was unfortunately absorbed by a long debate over one of his most extreme suggestions: that most people's political attitudes may be so ungrounded that, over time, they are better seen as random "nonattitudes." Those who contested the nonattitudes thesis seem to have been worried that the thesis, if correct, threatened the very *possibility* of democracy: without political attitudes, there would be no "will" of the people to be enacted. (Similar concerns explain the attention long paid to Arrow's Impossibility Theorem.)

By the time the dust of the "nonattitudes" debate had settled, the remaining participants were for the most part subspecialists familiar with the proper coding of the National Election Survey data on which Converse had drawn. The technical nature of the debate in which they had been engaged with Converse had, it seems, obscured the larger normative significance of his article: namely, that even if popular democracy is possible because voters have stable enough "attitudes" to constitute (in the aggregate) a public "will," the *legitimacy* of that will is dubious if it is as poorly informed as Converse had showed it to be.³

Such issues have not gone unaddressed by subsequent empirical (as against normative) research, however. The most prominent branch of the literature has focused on the "heuristics," or proxies for knowledge, that allow people to make political decisions based on scant informa-

tion. This research, especially when supplemented by impressionistic data, suggests that people's political reasoning is no more logical than it is well informed—although this has not generally been recognized by the researchers.

For example, Samuel Popkin's revealingly titled book, *The Reasoning Voter* (1991), begins by recounting a political gaffe that contributed to Gerald Ford's defeat by Jimmy Carter in 1976. Ford's mistake, during a campaign stop in Southern California, was to try to eat a tamale without shucking it first (as any Mexican-food adept would do). This culinary error cost Ford dearly among Hispanic voters. To Popkin, however, that fact is not cause for despair. Instead of worrying about whether Ford's familiarity with tamales was a *good* proxy for the effects of policies of the sort that he had, as president, already implemented, Popkin views the tamale heuristic as something to celebrate: the voters who used it, after all, were *reasoning* (along the following lines: a president who doesn't know how to eat a tamale won't promote the interests of Hispanic-Americans).

Given the unfathomable depths of ignorance revealed by the post-Converse survey research in which such scholars as Popkin are immersed, one should not be surprised if they are easily impressed by mere signs of mental activity among voters—no matter how poorly informed or illogical the “reasoning” in question is. In reflecting on whether voters' heuristics are *sound*, however, a darker view of political reasoning emerges.

The most profound observer of political ignorance, Walter Lippmann, tackled in two pages of his 1922 opus, *Public Opinion*, a heuristic with more significance, I think, than all the others uncovered by political scientists since. Lippmann was trying to explain the commonplace accusation that one's political adversaries have *evil motives*. This is neither a charitable accusation to make nor one that, when the heat of the day's political battles dissipates, stands up to empirical testing. Yet it is an immensely important political phenomenon that unfolds regularly.

Lippmann attributes it to the inherently contestable nature of a complex world—especially one that we (like the tamale voters) tend not to see as particularly hard to fathom. We typically fail to realize that the (political) world *is* complex, and thus that our perceptions of it amount to anything but “the facts” speaking for themselves. Counterfactual experimentation appears to be unneeded, even if we were good at it.

Once our political opinions seem to us to be self-evident reflec-

tions of the facts, it becomes mysterious (to us) why anyone would hold different opinions than we do. As Lippmann ([1922] 1997, 82–83) puts it,

He who denies my version of the facts is to me perverse, alien, dangerous. How shall I account for him? The opponent has always to be explained, and the last explanation that we ever look for is that he sees a different set of facts. Such an explanation we avoid, because it saps the very foundation of our own assurance that we have seen life steadily and seen it whole. . . .

So where two factions see vividly each its own aspect, and contrive their own explanations of what they see, it is almost impossible for them to credit each other with honesty. If the pattern fits their experience at a crucial point, they no longer look upon it as an interpretation. They look upon it as “reality.”

Someone who does not share my interpretation of (obvious) “reality,” Lippmann ([1922] 1997, 83) continues,

presents himself as the man who says, evil be thou my good. He is an annoyance who does not fit into the scheme of things. Nevertheless he interferes. And since that scheme is based in our minds on incontrovertible fact fortified by irresistible logic, some place has to be found for him in the scheme. Rarely in politics . . . is a place made for him by the simple admission that he has looked upon the same reality and seen another aspect of it. That would shake the whole scheme. . . .

“Out of the opposition,” therefore, “we make villains and conspiracies.”

If we allowed that those who disagree with us just see the facts differently, we would have to conclude that either they, *or we*, must be mistaken about the facts. That would undermine the obviousness of the reality that we find solidly anchored in “self-evident truths.” We sidestep the disconcerting possibility that we may be mistaken about these truths by attributing not a mistaken understanding of the facts, but *bad motives*, to our political opponents. It is far easier to reassure oneself about the purity of one’s own motives than about the infallibility of one’s own perceptions, so people persistently tend to see a world that is in fact so complicated that its interpretation generates honest disagreement as, instead, so simple that only evil people could disagree with them—malevolent people who deliberately ignore the

obvious truth.⁴ Thus, *ignorance of the real possibility one's own ignorance* both enables and is reinforced by ignorance of the possibility of one's political antagonists' ignorance—such that malevolent intentions, not different perceptions, must be responsible for their antagonism.

Popper (1962, 7–8, *emph. added*) has a theory of the source of political demonization that almost exactly duplicates Lippmann's:

The conspiracy theory of ignorance . . . is a curious outgrowth from the doctrine of manifest truth.

By the doctrine that truth is manifest I mean . . . the optimistic view that truth, if put before us naked, is always recognizable as truth. Thus truth, if it does not reveal itself, has only to be unveiled, or discovered. Once this is done, there is no need for further argument. . . .

But how can we ever fall into error if truth is manifest? . . . Ignorance may be the work of powers conspiring to keep us in ignorance, to poison our minds by filling them with falsehood, and to blind our eyes so that they cannot see the manifest truth. . . .

The conspiracy theory of ignorance is fairly well known in its Marxian form as the conspiracy of a capitalist press that perverts and suppresses truth and fills the workers' minds with false ideologies. . . .

The theory that truth is manifest—that it is there for everyone to see, if only he wants to see it—this theory is the basis of almost every kind of fanaticism. For only the most depraved wickedness can refuse to see the manifest truth.

I will call the attribution of bad motives to those with whom one disagrees the “cynic's heuristic.” It is one reason that, in politics, people close their minds to other points of view, *regardless of the content* of those points of view. Anyone can use the cynic's heuristic to dismiss challenges to their own beliefs, no matter what those beliefs are.

But the focus on motives that is so pervasive in politics does not stop at this general level, which would be bad enough—since the prevalence of cynicism about one's interlocutor's motives renders the ideals of rational political “discourse” and even rational political “thought” hopelessly optimistic. People's focus on motives has a similarly lethal effect on the ideal of rational political policy making (which is, after all, supposed to be the end product of rational political discourse and thought) when it takes the specific form of what I will call the “intentions

heuristic.” This is the assumption that from good intentions flow good results, and from bad intentions, bad results.

Like all heuristics, the intentions heuristic is unstated “common sense,” but it is *sound* only if one ignores the possibility that the world is complicated enough to produce *unintended* consequences. The intentions heuristic is not a rational response to ignorance: nobody would want to ignore the unintended negative consequences of the policies they favor, or the unintended positive consequences of the policies they oppose. The intentions heuristic, far from being a deliberately chosen method of coping with ignorance, is itself an unwitting manifestation of ignorance.

That it is utterly inappropriate as a basis for policy making in a complex world—by which I mean a world in which the truth is not manifest—is suggested by its similarity to Converse’s nature-of-the-times heuristic. What is the latter heuristic but the fallacy of *post hoc, ergo propter hoc* (Lippmann 1922, 99)? And what is the intentions heuristic but a bastardized version of the *argumentum ad hominem*? Conflating correlation with causation, and conflating intentions with results, do seem to be common forms of political “reasoning,” but they are no less fallacious for that.

Like the rational-ignorance hypothesis, the optimistic, Popkin-style view treats the heuristic-wielding victims of ignorance as if they *know* that they are using proxies for what they don’t know. But even if people’s uses of heuristics were deliberate forms of reasoning, they could not conceivably be *good* forms of reasoning. How could people possibly know which proxies for what they don’t know are *accurate* proxies—without knowing what they don’t know?⁵ Like the rational-ignorance hypothesis, then, the optimistic view of heuristics overlooks the *inadvertent* errors that necessarily mar the groping in the dark that is politics. The list of the sources of error that I have set forth—ignorance of logic, of unintended consequences, of the possibility of honest mistake, and of one’s own ignorance—may, for all I know, merely scratch the surface (given my own inadvertent ignorance).

Unlike scientific theories, which *cope* with our ignorance through controlled experimentation, the cynic’s and intentions heuristics *aggravate* our ignorance. Like scientific theories, they simplify the world (cf. Upham 2005); but they do so *by falsifying it*, with no prospect of being falsified *by it*. To the extent that these heuristics are fallacious, they should no more govern public policy than a rational agent would *deliberately* choose to be guided by them (unless it could be shown that the political world’s complexity happens to be such that these particular fal-

lacies somehow tend to track reality). And yet they seem to dominate the conduct of democratic politics.

Witness, as a hybrid of the intentions and cynic's heuristics, the relentless tendency in political discourse to use people's financial interests as proxies for the merit of their political positions. One error in such reductionism, as Lippmann ([1922] 1997, 116, 118) pointed out, is that it

usually omits altogether the cognitive function. So insistent is it on the fact that human beings finally refer all things to themselves, that it does not stop to notice that men's ideas of all things and of themselves are not instinctive. They are acquired.

Thus,

There is no fixed set of opinions on any question that go with being the owner of a factory, no views on labor, on property, on management, let alone views on less immediate matters. . . . There is no magic in ownership which enables a business man to know what laws will make him prosper.

Here is a deeper problem for public-choice theory than those I have already noted. Even were the premise of universal self-interest true, the manner in which people pursue their self-interest *in the world of politics* depends on their tacit or explicit (heuristic or cultural) theories about which acts of legislation would benefit them. These theories, then, are the causal variables that determine people's political behavior—even if everyone's motives are selfish.

The second problem with the “follow-the-money” heuristic is that even if “financial self-interest” explained political actors' behavior, pecuniary motives are not necessarily inconsistent with good public policy.

The Hobson's Choice of Democracy

I have been discussing the logical defects of the heuristics used by the general public. The picture painted by Converse, however, distinguishes a broad mass of heuristics-dependent, politically inattentive voters from a tiny elite who are politically engaged enough to score well on tests of elementary political “facts.” How do members of this elite manage to

be well informed if, as I have been claiming, ignorance is part of the human condition?

The short answer is that they manage to be well informed only compared to most everyone else—not compared to the complexity of the world they are trying to understand. This they accomplish by using *more comprehensive* heuristics than most people use—i.e., by using ideologies.

If one wants to observe the uncontrolled, Frankenstein-like march of preconceived notions through the political world, unchecked by falsification, the best place to look is the behavior of ideologues. Indeed, Converse's most disturbing and under-remarked finding is that *the relatively well informed compensate in dogmatism for their greater knowledgeability*. Ideologies appear to be the most effective lenses for making sense of politics, since their scope lets one screen in more information than can someone using a simpler heuristic. The ideologue almost always knows what to think, while the nature-of-the-times voter (for instance) does not. But screening in information that confirms one's ideological preconceptions means screening out information that does not. The first type of screening enables the ideologue to be better informed than the nature-of-the-times voter. But the second type of screening ensures that the ideologue's fact-rich grasp of the world is biased and rigid, and indeed that many of the things he "knows for a fact" are untrue. The ideologue rarely has "nonattitudes." But Converse points out that the attitudes the ideologue has are heavily "constrained"—by ideology, not reality.

The selective (constrained) ideological perception and retention displayed by the well informed would seem to confront us with a Hobson's choice. We can be ruled either by a mass of ignoramuses or—to the extent that the ignorant public takes its cues from relatively knowledgeable elites (Zaller 1992), or is simply ignorant of the policies that elites enact (DeCanio 2000)—we can be ruled by a coterie of the doctrinaire.

Popper believed that democracy could minimize ignorance-based errors relative to other political systems. His answer to such criticisms of democratic policy making as I am suggesting, an answer echoed by Bar-Am and Agassi (2005) and, especially, Eidlin (2005), is that *social* democracy, at least, is a procedure of trial and error through which decision makers—for all their ignorance, fallacious reasoning, and dogmatism—may, nonetheless, incrementally solve social problems.

Popper calls the procedure by which social democracy achieves this

feat “piecemeal social engineering.” The scientific language should not distract us from the innocent substance—which is, all too much so, simplicity itself. First, someone (perhaps a social-science “expert”) thinks up a public policy designed to solve a social problem. Then the state implements it, and the public observes its results. If the policy isn’t working, the electoral mechanism ensures that the state will respond to negative public feedback. The state will then go back to the drawing board and try a new policy.

The simplicity of piecemeal social engineering stems from the fact that it treats as “manifest truths,” evident to the public without cultural or genetic mediation, such eminently contestable matters as what constitute real social problems, and what actual effects the implemented “solutions” have. These, no less than any issue in natural science, are theoretical questions that require hypothetical answers before a social-science “expert” or a member of the electorate can even begin to decide which “facts” are relevant to answering them. In the absence of laboratory experimentation, piecemeal social engineering would, to be an error-correction process, require rigorous, informed counterfactual reasoning about social problems and the effects of putative political solutions to them. The public-opinion literature, and the poor record of the social sciences, give us every reason to think that such reasoning is difficult to do well—if it is done at all.

As Eidlin (2005) points out, piecemeal social engineering is less a proposal by Popper than it is a description of the experimental procedure that, in effect, goes on in Western democracies already. As we study political decision making in such democracies, do we see evidence of rigorous counterfactual reasoning; evidence of awareness that the facts and theories that one takes to be “obvious” may seem that way only because of cultural indoctrination; evidence of partisans’ awareness of alternative hypotheses and the evidence that would support them, or of evidence against their own hypotheses; or evidence of awareness that the interaction of multifarious forces, embodied in the *ceteris paribus* clause, prohibits the inference of policy conclusions from aggregate outcomes, *post hoc ergo propter hoc*?

To ask such questions is to answer them. What we find in the real world of social democracy is not Popperian or Weberian science in action, but a cacophony of confident voices that unwittingly express factual ignorance, theoretical ignorance, ignorance of logic, ignorance of their own possible ignorance, ignorance of their opponents’ possible ig-

norance; and, in consequence, dogmatism, demagoguery, and demonization.

That is just my view, culturally conditioned and fallible. So let me put the matter into a less contentious formula. *If* instead of self-aware, open-minded, logically rigorous, and methodologically sophisticated reasoning, political decision makers (under any regime, not just democracy) employ such heuristics as those I have mentioned, uncontrolled by tests of the theories these heuristics tacitly embody, *then* we can say, *prima facie*, that what passes for error *correction* in the political system will likelier be just the type of insulation from error *detection* that Popper made the distinguishing mark of pseudo-science. The cynic's heuristic used by real-world political decision makers "informs" their interpretation of the results of piecemeal social engineering only in the sense of *confirming their misconceived, preconceived notions* by dismissing alternative interpretations as badly motivated. The intentions heuristic obscures the very possibility that well-motivated policies could go wrong. Nature-of-the-times and, more generally, *post hoc ergo propter hoc* reasoning will infer conclusions from aggregate "facts" that may be contradicted by the operation of subtler ("invisible") factors. In all of these cases, the Popperian theory of social democracy overlooks the very thing to which Popper's theory of natural science should most alert us: the theory-ladenness of politics, and the absence from politics of anything like the checks on bad theories that are produced by controlled experimentation.

A theory simplifies the world of which we are (partly) ignorant by focusing our attention on a small part of it, which the theory targets as germane. But unless it is possible for a controlled experiment to falsify the theory by shifting our attention to aspects of the world with which the theory may not fit, the theory's narrowing of our focus will go unbalanced, even while its simplifying lens enables us to spot confirming evidence that persuades us that we are "seeing life steadily and seeing it whole." The voter heuristically evaluating the effects of a policy experiment is like a social scientist who thinks he is observing the world unassisted by possibly defective theoretical lenses. The relatively well informed but ideological policy expert who proposes the next political experiment is like the dogmatic proponent of a pre-scientific theory of nature. In the real world of social democracy, we get both sides of the Hobson's choice: rule by ideologues is validated by the votes of ignoramuses.

Those who disagree with this assessment will almost invariably be

those who *agree with the policies* actually adopted in social democracies. Their burden is to explain to someone who reserves substantive judgment on those policies how the policies *could* be sound, except by happenstance, *if* the truth is not manifest—given the lack of controlled experimentation in the policymaking process.

The challenge for the defender of social democracy is to show not just that political actors “reason,” but that they reason well, using appropriate information and logical inference. Otherwise, his defense of social democracy will have to deny, at least implicitly, that the political world is complex enough to require theoretically mediated perception and careful reasoning. (In the light of Converse’s findings about the tendency of the best informed to be the most doctrinaire, how can such a defender of social-democratic policies avoid the possibility that he himself is not just ideologically attached to those policies?)

One might respond to this challenge to social democracy as Churchill did in proclaiming democracy itself the worst system except all the others. The defects of social democracy might be admitted as real, but defended as unavoidable. But if one is interested in exploring whether—rather than just assuming that—there really is no better alternative than social democracy, one must undertake a relative assessment of various means of coping with human ignorance in areas that resist controlled experimentation. This is a project that has not interested political theorists—preoccupied as they have been, ever since Plato, with *getting political motives right* (political theorists use the intentions heuristic as much as anyone). But it is a project that, ironically, an economist—Hayek—did attempt.

III. COPING WITH IGNORANCE

Such orders as that of the market do not obtrude themselves on our senses but have to be traced by our intellect. . . . We cannot see, or otherwise intuitively perceive, this order of meaningful actions, but are only able mentally to reconstruct it.

—F.A. Hayek (1973, 38)

Hayek helped arrange for the publication of Popper’s *Open Society and Its Enemies* in 1945, and from Hayek’s own writings it is clear that he was thoroughly familiar with Popper’s defense of piecemeal social engineering. Yet while one can make a case for seeing Hayek’s ideas as an influence on Popper, as Bruce Caldwell (2005) does below, Popper’s

ideas and, in particular, his politics had little apparent influence on Hayek (cf. Caldwell 2002). Why not?

Hayek's political theorizing, I believe, got its impetus from the same factor that both fueled and then quickly ended his own youthful socialism—which had been grounded in “broadly humanitarian concerns” for “social justice and the alleviation of the misery that he saw about him in post-First World War Vienna” (Shearmur 1996, 45). Hayek's utilitarian socialism led him to study economics, but his training as an economist of the Austrian school, founded by Carl Menger, then persuaded him that anything beyond minimal state intervention in capitalism would produce far worse problems than it would solve.

This judgment was based on an implicitly comparative theory of economic and political processes. Hayek's conviction seems to have been that harmful tendencies in modern politics would eventually produce pernicious results by interfering with relatively, albeit not completely, benign tendencies in the economy. This was the message that he spent the rest of his life trying to formulate into a persuasive argument for limiting democracy. In the end, he only partly succeeded.

The Austrians are now far enough outside of the mainstream of economics that even to call Hayek a member of the Austrian school “of” economics would be anachronistic. But this was not the case until the end of the 1930s. At the beginning of that decade, Hayek had been recognized as an economist to contend with—so much so that the London School of Economics imported him from Vienna to do battle with Keynes, who was teaching at Cambridge. The proximate cause of Hayek's reputational eclipse after the mid-30s was the perception that Keynes won the confrontation. The subtler cause, as Peter J. Boettke (1997) has argued in these pages, is that Hayek and the Austrian school had unwittingly moved away from the neoclassical orthodoxy by paying more than lip service to ignorance as an economic phenomenon.

That is what Hayek did in papers published in the 1940s, most prominently “The Use of Knowledge in Society” (1945) and “The Meaning of ‘Competition’” (1946). These articles called into question one of the working assumptions—perfect knowledge—that make possible the mathematicized economics in which the academic mainstream is still engaged. An astute observer of Austrian economics has written, of Hayek's mid-century economic works, that although they “were widely read and respected, they were by no means fully understood. It

was not so much that [Hayek's] colleagues thought he was wrong. . . . They just did not see how what he said mattered" (Vaughn 1994, 61).

As Boettke (1997, 22) emphasized, what Hayek was saying is that *economic* ignorance cannot just be assumed away for the sake of precise, mathematical modeling. Any economic theory that *ignores ignorance* has gained precision at the price of a fatal disconnect from reality.

The simplicity of the word *Use* in the title of Hayek's 1945 paper disguises its theoretical impotence. Hayek was arguing that market prices allow knowledge to be "used" even though, for the most part, it is not *known*. Each buyer and seller contributes, to the price of a product, a small bit of knowledge—the knowledge of what she is able to supply to others, or of what she is willing to buy from them (although, since Hayek maintains that this knowledge is often "tacit," *knowledge* may be a misnomer). Once consumers' and producers' dispersed knowledge of the supply and demand conditions of a product takes the form of a price through their buying and selling of it, nobody needs to analyze the dispersed "knowledge" reflected by the price in order to make use of it. I need not know whether the higher price of oil (Hayek's example was tin) is due to a rise in its demand or a decline in its supply in order to consume less of it—even unwittingly, by buying fewer products that I don't even realize are made from oil, but that I do know are suddenly more expensive than competing products. All I need to "know" is *that* the products have become more expensive—not why.

Market prices, in Hayek's view, are ways of coping with ignorance. But unlike the heuristics used in political "reasoning," market prices are *sound* proxies for *relevant* information, proxies that every day allow billions of people to make adjustments to new supply and demand circumstances *of which they may be entirely ignorant*.

Hayek had unlocked the secret of markets' success: not the low moral demands that they make, but the low cognitive demands.

The soundness of the market-price proxy stems from precisely what differentiates it from the heuristics people use in politics: it simplifies a complex reality, but *without the help of our chronically defective powers of counterfactual reasoning*. To the degree that those powers must fall back on heuristics of the sort that we have examined rather than on something akin to prices, we do not effectively diminish our ignorance of a complex world, even though we accumulate self-confirming "facts" that make the world seem simple.

Prices may also be compared favorably to the experimental results of Popperian natural science. Like scientific findings, prices result from a

process of trial and error—as any businessman will discover if he sets his price too high. But prices are even better than science as a way of operationalizing our (now purely figurative) awareness of ignorance, because they do not require anyone *consciously* to think up a *sound* causal theory to explain them, as a natural scientist must try to do. The results of the experimental process that produces market prices are *put to use* “in society” without having to be grasped by anyone in the form “of knowledge.”

A successful restaurateur may possess no theory to explain his success. Or he may be thoroughly convinced of the following theory: the reason he has been able to charge high prices for the food he serves is the extraordinary talent of his chef. But in reality, the reason for the restaurant’s success may be the extraordinary ambience of the room. If the restaurateur inadvertently conducts an experiment that proves his theory false, by adding extra tables that ruin the ambience, the prices he is able to charge may start to sink too low to keep him afloat. Yet, even as he is going bankrupt, he may never realize why. The restaurant can go out of business with nobody the wiser about the true cause of its failure, or of its previous success. The restaurateur’s causal theory has been falsified—without the need for anyone, including him, to deploy sound reasoning, or any reasoning at all.

This view builds on Hayek in treating the way the market “system” operates (not merely the way it arises) as requiring little conscious awareness on the part of market participants. What makes the system as effective as (or, arguably, more effective than) science in coping with ignorance is not, in principle, the matter of *motivation* to which Part I paid so much attention (because of the motivational preoccupations of rational- and public-choice theory and of democratic politics). The entrepreneur’s self-interested desire for profit cannot guarantee that he will hit upon an effective theory of *how* to make a profit (cf. Vaughn 2004, 146; in contrast, Hayek 1968, 187),⁶ any more than what makes science an effective means of coping with ignorance is the scientist’s dedication to finding the truth. Plenty of nobly motivated scientists turn out to be wrong, and plenty of selfishly motivated entrepreneurs go bankrupt. Conversely, many a scientific discovery has been the fortuitous byproduct of myth, accident, or a stray thought, while many a fortune got its start as a hobby or had some other non-pecuniary inspiration.

In neither science nor the economy can appropriate motives guarantee progress against ignorance. Economists do themselves a disser-

vice when they summarize the heart of their teaching as “incentives matter” (even though, in the delimited “economies” of the modern West, where the motive of self-interest is legitimated in a way that is not true in Western “polities,” incentives do matter a great deal). To the extent that, as Hayek maintained, the advantage of capitalism is *cognitive*, the mechanism of economic progress cannot be the incentives capitalism “offers” people, but must instead be the use in capitalism of some equivalent to the controlled experiments that falsify erroneous scientific theories. Exactly what is this equivalent?

It is the *consumer’s* ability to unwittingly undertake trial-and-error experimentation. Inasmuch as business enterprises embody, in effect, competing theories of how to satisfy consumers, consumers can, in effect, falsify such theories by “exiting” (to use Albert O. Hirschman’s terminology) from the continued purchase of products that they find unsatisfactory. This drives down the prices that can be charged for those products and, eventually, drives their producers out of business if they fail to respond in a way that enhances consumers’ subjective well-being. *Nobody* (not even consumers or economists) needs to be well informed or logically sophisticated for this process to work.

Can piecemeal social engineering somehow, similarly, bypass the defective reasoning capacities of human beings confronted with a complex society? It seems unlikely. Another Austrian economist, Joseph Schumpeter (1950, 263, *emph. added*), addresses the issue incidentally while comparing commercial advertising and political propaganda. In politics, he writes,

the ways in which issues and the popular will on any issue are being manufactured is exactly analogous to the ways of commercial advertising. We find the same attempts to contact the subconscious. We find the same technique of creating favorable and unfavorable associations which are the more effective the less rational they are. We find the same evasions and reticences and the same trick of producing opinion by reiterated assertion that is successful precisely to the extent to which it avoids rational argument and the danger of awakening the critical faculties of the people. And so on. Only, all these arts have infinitely more scope in the sphere of public affairs than they have in the sphere of private and professional life. The picture of the prettiest girl that ever lived will in the long run prove powerless to maintain the sales of a bad cigarette. There is no equally effective safeguard in the case of political decisions. *Many decisions of fateful importance are of a nature that makes it impossible for the public to experiment with them at its*

leisure and at moderate cost. Even if that is possible, however, judgment is as a rule not so easy to arrive at as it is in the case of the cigarette, because effects are less easy to interpret.

Both of Schumpeter's explanations for the inferiority of politics to markets are worth considering.

Politics is, first of all, slow and expensive. It may cost years, and the illiteracy of many children, to figure out if some new pedagogical regimen is the solution to the ongoing crisis of public education.

Schumpeter's second point, however, goes deeper. Interpreting the feedback from public policies is difficult, because the effects of public policies do not present themselves to us (whatever we commonly think) as self-interpreting "data." The facts do not speak for themselves. In contrast, a consumer gets from his purchases direct feedback *that requires no interpretation* in order to move him to exit from an unsatisfactory product. Or more accurately,⁷ only limited additions to the instinctual interpretive logic displayed by lower animals, and preserved in the human subconscious, are needed if a consumer is to classify a negative stimulus as being of a certain type ("bad-tasting cigarette Brand X"), such that in response to that stimulus, the consumer is moved to experiment with a different stimulus ("Brand Y") within the same class, or to abandon that class of stimuli altogether.

Just as the restaurateur need not know why he cannot maintain the high prices on his menu, the consumer need not know *why* the cigarette tastes bad. All he needs to know is that it *does*.

Information received through physical senses creates emotions, which then serve as the basis for our future decisions by providing a sense of what is good and bad, and what causes pleasure or pain, on the basis of prior learning and experiences. . . . By and large, these emotional connections serve individuals well later in life in determining quickly, efficiently, and nonverbally which people and events are likely to lead to good outcomes and should be approached, and which should be avoided. (McDermott 2004, 694.)

This is a somatic description of the imperfect, animalistic, effective means by which we make beneficial (happiness-conductive) exit decisions in both our personal and our economic lives. Our reactive behavior allows us to navigate life largely without knowing what we are doing; it lets us leave bad situations behind without figuring out why they are bad.

But when, as in politics, one “solution” to a problem is imposed on everyone by the sovereign, the only forms of exit in case that solution fails are either costly emigration or a long wait for rotation in office (which may bring about a more successful policy by pure luck). There is indeed, then, common to markets and *democracy*, a trial-and-error ability to exit from bad situations without needing to figure out what has gone wrong. But such experimentation takes so long in politics that except when it is used to get rid of a monstrous tyrant, it must be supplemented by non-reactive, explicit human reasoning about what has gone wrong if it is expected to satisfy the ambitions of the *social* democrat.

Under social democracy, the piecemeal social engineer must consciously theorize about the source of the problem he is trying to solve, consciously theorize about what policy might plausibly correct it, and then “Voice” these hypotheses—to invoke the mechanism Hirschman contrasts against Exit—persuasively enough that political decision makers will enact the preferred policy solution. But as Schumpeter points out, “the effects” of a social policy imposed on a complex society are far harder to interpret than the effects of buying Brand X or Brand Y. The theoretical interpretation of these effects, whether by (ideological) “experts” or (ignorant) members of the public, will be subject to distortion by the cultural sources of information about the effects of the experiment, and by the cultural and possibly genetic sources of theories (heuristics) about social causation that govern our selection and analysis of that information.

Given the pessimistic inferences to be drawn from the fact that information about politics is “mediated” to us by cultural personnel whose own culturally and genetically acquired biases select what “news” is worth reporting, one can perhaps understand how Schumpeter (1950, 258) could have written that successful political propaganda blocks the arousal of “the people’s critical faculties.” As he himself notes, however, these faculties, even when aroused, are unreliable outside “the ordinary run of often-repeated decisions,” where “the individual is subject to the salutary and rationalizing influence of favorable and unfavorable experience.” Such experience tends to impose a sort of reality principle on the area of life that is “familiar.” But when it comes to the unfamiliar world of politics, about which one must trust “what [one’s] newspaper tells him” (*ibid.*, 259), matters are not so easy:

The typical citizen drops down to a lower level of mental performance as soon as he enters the political field. He argues and analyzes in a way which he would readily recognize as infantile within the sphere of his real interests. He becomes a primitive again. His thinking becomes associative and affective. (Ibid., 262)

That is not a bad description of what can be derived from the public-ignorance and heuristics literature. Schumpeter (1950, 261) even anticipates Converse:

The ordinary citizen's ignorance and lack of judgment in matters of domestic and foreign policy . . . are if anything more shocking in the case of educated people and of people who are successfully active in non-political walks of life. . . . Information is plentiful and readily available. But this does not seem to make any difference.

Hayek's Turn to Non-Public-Choice Political Theory

In *Hayek and After*, Jeremy Shearmur (1996) meticulously examines Hayek's career as a political theorist with the following question always in mind: Why did the initially socialist Hayek oppose piecemeal social engineering, continuing to drift rightward after he repudiated the outright communism that was at issue in the "socialist calculation debate" of the 1920s and 1930s?

This debate, Boettke (1997) argues, convinced Hayek and his Austrian-school mentor, Ludwig von Mises, that their ignorance-based brand of economics departed sharply from the neoclassical mainstream of which they had thought themselves members in good standing. Mises (1920; [1922] 1981) had begun the debate by asking how communist central planners could allocate capital goods if, deprived of market prices for them by the nationalization of the means of production, the planners could not numerically assess the relative efficiency of the infinite combinations of resources that could be used to meet consumer needs. Mises contended that the resulting waste of resources would have made "socialism" (what we would now call communism) "impossible," if socialists wanted to maintain a large population at above-subsistence levels of prosperity.

Hayek contributed much to the later rounds of this debate, but when it was over, the consensus of the neoclassical mainstream was that, as in the debate with Keynes, Hayek had been bested—this time,

because he failed to concede, to the “market socialists,” that the supply-and-demand “data” that central planners would need in order to set capital-goods prices could be inferred from consumer-goods prices. Reflection on the unrealistic assumptions standing behind this consensus spurred Hayek to deepen his theory of real-world economies, in which there is no actual knowledge of supply and demand curves. This led him to such breakthroughs as are contained in “The Use of Knowledge in Society.” But Hayek’s subsequent defense of limits on social-democratic experimentation could not be sustained by the purely economic considerations he had adduced in either the socialist-calculation debate or in the theory of prices that grew out of it.

The social democracy against which Hayek was now arguing, after all, need not nationalize the means of production or tamper with market prices. One can be a piecemeal social engineer by regulating capitalist business conduct, redistributing wealth, and leaving prices alone, free to respond to government interventions as they respond to droughts and floods. This is a point upon which Shearmur justly insists. It is true that, by eschewing price controls (such as minimum wages), such a regime would be less heavy handed than is any current social democracy, including our own. But Hayek opposed not only price controls, but most regulation of the economy and redistribution of its wealth.

As Shearmur (1996, 72) writes, once our attention “shifts from socialism in the sense of economic planning and instead becomes concerned with what should be the scope and agenda of a non-market welfare state, things get much more messy.” If I may compress Shearmur’s argument, Hayek the political theorist never did produce a convincing account of this messy reality that would provide good reasons to oppose the non-communist yet interventionist, redistributive state (especially an account that made due allowances for the public goods, redistribution, and regulation that Hayek did deem appropriate). Instead, Hayek moved from one inadequate political position to another, each designed to constrain state power: *inter alia*, an argument against “coercion” that substituted, for the philosophical problems of negative liberty, equally serious problems stemming from Hayek’s new criterion of freedom, the “generality” of legal rules (Hayek 1960); a book-length verbal quibble about the inapplicability of the term “social justice” to “spontaneous orders,” such as markets, that have no designer who can be called “unjust” (Hayek 1976c); and a semi-irrationalist defense of

spontaneous orders (not only markets but languages and social traditions yet, curiously, not welfare states) that have survived an (unspecified) process of group selection (Hayek 1988). Some of these positions, Shearmur points out, are in line with the utilitarian premises of both Hayek's youthful socialism and his subsequent turn toward capitalism; others are not; but none provide a plausible objection to social democracy à la Popper.

Such an objection would have to compare the likely outcomes of piecemeal social engineering to those of a more unrestrained capitalist order. This is the challenge that, in effect, Hayek tried to meet in his career as a political theorist. But by emphasizing the ignorance of participants in capitalism, Hayek the economist had underscored the absurdity of thinking of markets, for all their beneficial "coordinating" properties, as achieving the mathematical economist's equilibrium state—Pareto optimality, based on perfect knowledge (Shearmur 1996, ch. 5). That makes the task of comparing Hayekian markets to politics messy enough. It gets even messier, though, because, of the two imperfect orders being compared—real-world markets and real-world governments—Hayek never came up with a convincing picture of the negative tendencies at work in the latter. Without such a picture, then in light of the imperfections of even the freest of markets, what reason have we to follow Hayek in thinking that political interventions in markets will, after a certain point, cause more problems than they solve?

As Shearmur often points out, Hayek nibbled at, but ultimately did not swallow, what must have been a tempting answer: public-choice theory.

Public-choice theory would seem to have just the attributes needed to round out the comparative picture Hayek was trying to paint. For one thing, it *is* comparative, beginning as it does by objecting to the double standard that infers from market imperfections the need for state intervention, but rarely infers from public-policy imperfections the need for marketization. Two crucial public-choice contributions were to note this double standard, and to attribute it to people's assumption that state officials are trying their best to serve the public (unless they are corrupt), while businesses are just trying to make money for themselves. Moreover, although broadly utilitarian (in the confused, preference-based fashion of neoclassical economics, with a dash of deontological social-contract theory thrown in), public-choice theory does not indulge the fantasies of act-utilitarianism; it pitches its theorizing at the "constitutional" level that Hayek

needed if he was to make a *systemic* argument against piecemeal social engineering.

And yet while making limited public-choice arguments, as well one should, Hayek never treated public-choice theory as a lawlike regularity or as a blanket reason to prefer markets to politics. This was not only because Hayek rejected *any* social-science laws, I think, but because an indiscriminate use of public-choice theory to condemn state action would have been at odds with the most distinctive and valuable part of Hayek's teaching: his focus on the cognitive, not motivational dimension of social problems. The Mises-Hayek objection to the possibility of socialist price calculation was not, after all, a public-choice condemnation of badly motivated planners, but an argument against the possibility that even planners with the best intentions would know what they would need to know if they were to avoid economic chaos. And throughout Hayek's career, he admirably resisted the tendency to demonize his opponents' motives—as public-choice theory does, in effect, when it is grounded in the assumed universality of *Homo economicus*. To condemn public policies by dogmatically inferring the selfishness of “public servants” from that alleged universal is to correct the usual double standard merely by using the cynic's heuristic to even out the application of the intentions heuristic—instead of by abandoning these heuristics altogether.

Hayek's own contributions to both micro- and macro-economics, by contrast, were entirely cognitive. His business-cycle theory pivoted on the tendency of currency inflation to distort the “information” sent, by means of interest rates, to entrepreneurs about the likely profits to be made from long- versus short-term investments. And his theory of prices, of which his business-cycle theory may be considered a subset, held that prices are proxies for knowledge that obviate the need for anyone to know the overall conditions of supply and demand.

While Hayek used *Homo economicus* in the exposition of both his macro- and his micro-economic theories, that little monster plays no important role in either of them. As long as consumers buy what they prefer, and as long as the degree to which they prefer goods that require relatively slow means of production are not distorted by inflationary interest rates, consumer preferences for how to use those goods could be altruistic and the price system would work just as well (cf. Hayek 1976b, 65–66). Producers, too, could be altruists (as they sometimes are): as long as those who sell below cost will tend to

go out of business, the prices charged by the surviving producers will tend to reflect supply conditions. (This is different from my suggestion that subconscious stimulus–response behavior tends to guide consumers’ Exit decisions in genuinely happiness–inducing directions. If that is true, then prices will tend to reflect not only consumers’ preferences, but their real needs, which the founder of the Austrian school, Carl Menger [(1871) 1981, 54–55], called “real goods.”)⁸

Hayek was also an accomplished historian of economic thought, and it could not have escaped his notice that economics itself—not just the Austrian variant—would have been impossible without a decisive break from the common assumption that people’s actions should be judged by their intentions. Mandeville’s paradox of “public benefits, private vices,” and Adam Smith’s observation that “it is not from the benevolence of the butcher . . . that we expect our meat,” are not admonitions to be selfish, but recognitions that beneficent consequences may flow from actions that do not “aim at doing a visible good” (Hayek 1976a, 268, *emph. added*). On the flip side, Hayek emphasized that economists specialize in identifying wishful thinking—as when good intentions are assumed to produce beneficent results. The socialist–calculation argument not only granted the good intentions of the planners, but those of the advocates of planning—but deemed these motives irrelevant. Mises and Hayek were saying: You, the communists, intend to improve the world, but the *achievement* of your aims will be made impossible by the cognitive effects of the means you support.

The nexus between rejecting universalist public-choice methodology and rejecting intentions–based political reasoning should be apparent. If catastrophic consequences such as those that Hayek foresaw from the adoption of communism could unintentionally flow from benevolent intentions, surely the actions of self-interested political actors might unintentionally produce beneficial consequences. The socialist–calculation argument turns its back on the reductionism pursued by Marx and revived by public-choice theorists—a reductionism that also dominates contemporary political discourse: the reduction, that is, of outcomes to motives.

Seen from this angle, public-choice theory risks a retrogression not only to pre-Austrian but to pre-Smithian economics. Since when, a Hayekian might ask the public-choice theorist, has it been the economist’s task to infer bad consequences (undesirable laws and regulations) from bad intentions (selfishly motivated voters, interest groups,

politicians, and bureaucrats)—or, for that matter, to psychologize about motives at all? Public-choice theory easily morphs into the kind of primitive, *ad hominem* reasoning that had to be overcome by the likes of Smith in order to produce economics itself; the kind of primitive reasoning that reduces the underside of politics to “corruption.” As Sanford Ikeda (2003, 65, *emph. original*) puts it, “For Public Choice it is *the divergence between announced and actual intentions*” that is the starting point of political analysis. “By contrast, the point of departure for Austrian political economy is *the divergence between intended and actual outcomes*,” caused not by “deception” but by “error.”

“The cognitive turn” could be the subtitle of the next biography of Hayek; “The data are not given” could have been his motto. To the public-choice theorist, however, the cognitive dimension is irrelevant, because the political action dictated by one’s allegedly causal self-interest is a datum that the theorist treats as *self-evident to the actor*. From a cognitivist perspective, by contrast, even if politics is motivated by self-interest, no behavioral consequences follow, because (as Lippmann suggested) the question of which political policies would serve one’s interests is intellectual, not motivational. Only if the political world is transparent, its truths manifest, would public-choice theory *matter*, even if it were methodologically sound and even if its assumptions were universally true. But if there is enough opacity to the world that people may treat as true what are actually unsound theoretical conclusions, then patterns of political action will show no consistent correlation with people’s true, as opposed to perceived, political self-interest. And political intentions will not, in any event, show a consistent correlation with political outcomes.

In passing up the chance to let public-choice theory paint his picture of politics, Hayek remained true to the cognitivism that drove his economics.

IV. A COGNITIVIST CRITIQUE OF POLITICS

There are few big issues in public life where cause and effect are obvious at once. They are not obvious to scholars who have devoted years, let us say, to studying business cycles, or price and wage movements, or the migration and assimilation of peoples, or the diplomatic purpose of foreign powers. Yet somehow we are all supposed to have opinions on these matters. . . .

—Walter Lippman (1922, 98–99)

The simple truth is that truth is often hard to come by.

—Karl Popper (1962, 8)

Nowhere do we find in Hayek a passage that so elegantly compares markets and politics as does Schumpeter's commentary on cigarette advertising versus political propaganda. But like Schumpeter, Hayek viewed "the public" as descending to a lower level when it came to reasoning about politics. This is why the public did not appreciate the economist's dash of cold water on the political "views which are held by most people of good will." "Whatever his theoretical beliefs may be," Hayek (1944a, 44) wrote, when the economist

has to deal with the proposals of laymen the chance is that in nine out of ten cases his answer will have to be that their various ends are incompatible and that they will have to choose between them and to sacrifice some ambitions which they cherish. . . . The economist's task is precisely to detect such incompatibilities . . . and the result is that he will always have the ungrateful task of pointing out the costs. That's what he's there for and it is a task from which he must never shirk, however unpopular or disliked it may make him.

In an early lecture, Hayek (1933, 21) characterizes the public rejection of economists' advice as repudiating "a body of reasoning which prevented people from following their first impulsive reactions." At one point, Hayek portrays the impulses in question as affectual: "the necessity" represented by economics is therefore that "of controlling emotions by difficult reasoning" (*ibid.*, 22). But elsewhere in the lecture, Hayek places affect at the motivational level—the level of the public's humanitarian ends—and notes that the economist's quarrel with the public concerns the cognitive question of the most effective means. Economics

consists essentially in the demonstration of inconsistencies in a kind of *ordinary reasoning* which everybody employs and the validity of which no one would ever doubt were it applied to simple cases where it can easily be understood. The difficulty really arises from the fact that the same kind of reasoning from familiar and undoubted facts, which even those who are most scornful of theoretical reasoning cannot avoid applying to simple cases, becomes suspect and calls for empirical confirmation [which, in a complex world, Hayek did not think could be supplied] as soon as it is applied to somewhat more complicated phe-

nomena where it cannot be followed without some effort, or even special training. (Ibid., 24–25, *emph. added.*)

Although he is far from clear on the point, *prioritizing* appears to be the familiar “kind of reasoning” to which Hayek refers. As a monetary theorist his position, against Keynes, was that business cycles are the product of distortions in investment patterns caused by government inflation of the currency. So Hayek seems to be saying that what the public has to be told by the economist—if only the public would listen—is that government spending on programs the public demands, but that it is not willing not pay for through taxes, will create deficits that, when monetized, will cause malinvestments that must be liquidated in a recession.

In any case, the *form* of Hayek’s argument here is Schumpeterian: there is something about the largely invisible, complicated world of the economy that makes people’s instinctive cognitive judgments about it dangerous. I will call this Hayek’s “cognitive-psychology argument” against political control of the economy. He did not develop it thoroughly enough to suggest how serious he thought its consequences were likely to be. But since he made the argument at the height of the Great Depression, there is reason to think that he viewed those consequences as extremely grave.

Alongside his cognitive-psychology argument, unfortunately, Hayek issued an early warning against what he later called “the planning mentality,” “the engineering mentality,” “scientism,” or “constructivist rationalism”: the assumption, which Hayek thought was widely shared on the left, “that all social institutions are, and ought to be, the product of deliberate design” (Hayek 1973, 5) *because of* “the belief that *nothing which has not been consciously designed can be useful or even essential to the achievement of human purposes*” (Hayek 1959, 148, *emph. added.*)

At one point Hayek ([1952] 1979) became convinced that this alleged belief had historical roots in Napoleonic France. Later in his career, he suggested that it was a genetically transmitted predisposition (Hayek 1976b, 65, 59). But neither version of the “constructivist rationalism” thesis has any discernible relevance to the anarchist and antinomian tendencies that have dominated the left from its inception right on through the Frankfurt School, deconstruction, and feminism. Whether Rousseau or (as Hill 2005 shows) Rawls, Marx or Marcuse, Sinclair or Steinbeck, Habermas or Horkheimer, Fourier or

Foucault; whether liberal or communitarian theorists, street activists or social scientists, mass movements or intellectuals, scholars or novelists or journalists—it is simply not true that the left can be characterized as yearning for “order”—i.e., the conscious direction of men (by men!). Rather, the left yearns for freedom and an end to the exploitation of man by man.⁹

Hayek well understood, unlike the public-choice school, that the objectives of the left are humanitarian. What he failed to see—presumably because of the planning mania that gripped some in the West between the world wars (Hayek having been born in 1899)—is that, to the extent that there are commonly accepted left-wing means to humanitarian ends, they are usually democratic, not technocratic. Democratic equality and self-governance—self-governance as opposed to tyranny, not as opposed to chaos—are in fact so cherished on the left that they sometimes become ends in themselves. What unites leftist democrats and technocrats, moreover, is a shared hostility not to capitalist *disorder* but to the *suffering* they attribute to unrestrained capitalism. They do tend to *assume*—like Popper—that if capitalism creates bad consequences, state intervention is the obvious alternative. They do not, however, generally believe that the suffering is caused by capitalism being *unplanned*. Hayek never seems to have noticed the left’s embrace of spontaneity, of nature, of the irrational (or of such postwar theorists as Karl Polanyi, who claimed that capitalism was *planned*—yet bad).

On the rare occasions when Hayek (e.g., 1988, 59) actually names a “constructivist rationalist,” it is always a prewar figure such as Bertrand Russell or H. G. Wells. His unending polemic against “scientism” on the left lost any relevance once the reaction against the Holocaust and Hiroshima set in; the persistence of this polemic even after the advent of the New Left must have seemed to any left-wing reader of Hayek like a well-honed obsession, as it completely ignored the postwar left’s revulsion against authority, planning, and “conscious control.” Hayek’s notion that the left favors intervention in (or even the replacement of) markets by governments because it has transferred “to the problems of society habits of thought engendered by the preoccupation with technological problems, the habits of thought of the natural scientist and the engineer” (Hayek 1944b, 20) long ago shifted from being quaint to being bizarre. Seen through a wider lens than that of Hayek’s Fabian generation, the enemy of the left has almost always been *unequal power* in all its manifestations, including the economic. From this perspective,

Hayek's dependent variable, the "effect" for which he spent much of his career describing various possible causes, tends to vanish. By the twenty-first century, it has long been untrue—however much it might have been true a century ago—that even the most state-friendly leftists believe that "order in human affairs requires that some should give orders and others obey" (Hayek 1960, 159).

It is true that people on the left sometimes still couch their objections to capitalism in terms of its "anarchy." But the specific things that these people think of as anarchic boil down, not to an *absence* of "order" per se (of the sort that could be remedied by "conscious control"); but to the *presence* of an unjust order—or, to take account of Hayek's quibble about the phrase *social justice*, the presence of an *undesirable* order—an order of poverty and economic instability and unhappiness and inequality. Beneath the layers of sophisticated theory that have built up over two centuries, the fundamental orientation of the left remains hostility to capitalism (or, nowadays, "neoliberalism," "imperialism," and "globalization") because it is thought to be *inegalitarian and inhumane*—not an embrace of government because it is thought to be *orderly*.

Hayek confuses the issue by shifting the burden of proof. He proceeds as if he is in a lifelong debate in which the default position is *his own*, such that, when he moves from argumentative into explanatory mode, it is his opponents, not he, who represent the anomaly to be explained. "Scientism" is his explanation. In reality, of course, it is Hayek who is—as an economist, as an Austrian economist, and as a free-marketeer—the anomaly; if there is a dependent variable that needs explaining, it is him. And the explanation is clear: when he was young, he read Menger and Mises. Otherwise he, too, would have remained a socialist (*cet. par.*).

In that light, the desire for visible government action to relieve visible human suffering can be seen not as anomalous, but simply as the humanitarian default option, *in the absence of reasons to oppose it*—reasons such as those that Hayek found in the works of Menger and Mises and, later, Smith. To insist, as Hayek did, that there must be some *additional* reason for those on the left to support state intervention—some reason such as the anthropomorphic assumption "that the existing economic system serves a definite function only in so far as its institutions have been deliberately willed by individuals" (Hayek 1933, 27)—rather than allowing that leftists simply favor what they *assume* will alleviate the misery that they think is caused by capital-

ism—is to contradict what Hayek himself suggested about the difficulty of grasping the economics of capitalism, and the need for rigorous intellectual discipline and possibly special training to do so. *Without training in economics, one wouldn't have reason to doubt that state action is an appropriate remedy for "capitalist excesses,"* by default.

Here are three alternatives to Hayek's "planning-mentality" explanation for the left:

(1) Most on the left favor state action simply because they have not been exposed to economic arguments against it, arguments that claim that such action tends to have counterproductive effects.

(2) Many of those on the left who *have* been exposed to such arguments find a reason to reject them in the very thing to which Austrians object: the unrealistic assumptions (perfect knowledge, perfect competition, etc.) to which such arguments are linked by the neo-classical mainstream.

(3) Even without understanding that mainstream neoclassical economics is unrealistic, people of any political viewpoint tend to be unpersuaded upon first exposure to economics—classical, neoclassical, or Austrian—because *economics is counterintuitive*.

For an economist to assume that if politics proceeds as if economics doesn't exist, it must be because the public understands economic theories and rejects them (whether because, as in the public-choice view, the public is venal; or because, as in Hayek's view, it is gripped by constructivist rationalism) is parochial at best. The more parsimonious explanation, which has the additional merit of being true, is that the public is *ignorant* of economics (and does not find it plausible, even in the rare event that they have been exposed to it). The "planning-mentality" thesis rests on the very fallacy Hayek the economist so brilliantly dissected. It assumes something like perfect knowledge among those with whom Hayek disagrees: knowledge of *economic theories with which Hayek agrees*. Only given this assumption do we need to invoke a causal force such as "constructivist rationalism" to explain why leftists are on the left—as if there is something unnatural about being there.

Hayek's Failure to Answer Popper's Challenge

I dwell on the constructivist-rationalism thesis for the same reason I dwelt on public-choice theory: it provides a false advantage for the free-market side of the market/politics comparison.

“Men’s fatal striving to control society,” Hayek (1974, 34) claimed, “may well make him the destroyer of a civilization which no brain has designed but which has grown from the free efforts of millions of individuals.” If the “fatal conceit” of social democrats, as well as outright communists, which leads to this alleged striving for control *per se* is “constructivist rationalism,” then we have little hope of preserving undesigned institutions like markets from being abolished, piecemeal or all at once—just by virtue of their being undesigned. Whether taken alone or added to the cognitive-psychology argument about the difficulty people have in following economic reasoning, the constructivist-rationalist argument (if it were true) provides what would otherwise be missing from Hayek’s political theory: a depiction of systemic negative tendencies in politics that would make admittedly imperfect markets preferable. By empowering the democratic state to intervene routinely in economic affairs, Hayek believed, one enables people with constructivist inclinations to destroy institutions that (being undesigned) have desirable but, to them, invisible consequences.

Full-fledged communism would therefore seem to be the terminus if piecemeal social engineering is performed by a constructivist public; and this would, according to the socialist-calculation argument, be calamitous. Thus, Hayek (1973, 6) believed, “the most crucial problem of political organization” is “how to limit the ‘popular will.’” Throughout his career in political philosophy, Hayek had been trying to compare the non-communist but unlimited state to markets that would be left relatively undisturbed by state power, which he sought to limit. The constructivism argument, on which Hayek placed so much emphasis in making this comparison, achieves this aim only by leading back to the Austrian “socialist-calculation” argument against communism. It boils down to saying that the welfare state, if not a road to serfdom, is a road to communism.

A better response to the Popperian challenge was open to Hayek. *Our ignorance of sound social science* is a natural inference from Hayek’s claim that “our intellect is not capable of grasping reality in all its complexity” (Hayek 1973, 32). From this inference, one might conclude that *regardless* of whether it leads to communism, social democracy will not likely achieve its objectives, since doing so would require sound social-scientific theorizing on the part of the public and its “expert” advisers. But Hayek made it clear on numerous occasions that he did not draw this inference. He emphasized that “the incurable ignorance of everyone of which I am speaking is the ignorance

of particular facts which are or will become known to somebody and thereby affect the whole of society” (ibid., 13)—as opposed, say, to the ignorance of almost everyone of theories such as Hayek’s own (which identified everybody’s ignorance of the particular facts of supply and demand as the problem solved by the price system). Even the account I drew from Hayek in Part III, in which business enterprises embody competing entrepreneurs’ *implicit hypotheses* about how to provide supply that would meet consumer demand, goes farther toward underscoring entrepreneurial knowledge or ignorance of correct *theories* (of how to meet consumer demand) than did Hayek (1978, 187), who in “Competition as a Discovery Procedure” attributes entrepreneurial “discoveries” to the fact that prices offer cognitive *guidance* as to “what to do.” This suggests that the entrepreneur, rather like the positivist social scientists whose naïveté Hayek condemned, was in Hayek’s view able to read “what to do” from aggregate prices—rather than needing to theorize, even if only implicitly, about the causes of prices and, thus, of their profit implications, before those of their theories that are unsound are screened out by bankruptcy.

Without some explanation of why, in contrast, the tendencies of politics would encourage piecemeal social engineers to impose counterproductive measures based on bad theories, Hayek has no objection to unlimited piecemeal engineering save (1) his dubious fear that it would lead, via constructivist rationalism, to communism; and (2) his cognitive-psychology argument—which seems, however, to suggest only the inadequacy of people’s *macroeconomic* theories. Had Hayek noticed that people tend to be inadvertently ignorant of rigorous *microeconomic* theory—theory that is not only little known but (as in his cognitive-psychology argument) theory that is difficult to understand—Hayek could have provided a much more powerful answer to Popper.

Hunters and Gatherers Confront Capitalism

Hayek (1973, 38, *emph. added*) did notice that political actors who are not initiated into economic reasoning cannot see, “or otherwise *intuitively* perceive,” how markets work. He regrettably went on to claim that what *is* intuitive to them is constructivist rationalism. But constructivist rationalism does not explain the extremely straightforward

economic illiteracy of either the mass public or the political elites who initiate public policy.

In his intellectual biography of Hayek, Bruce Caldwell (2004, 328) asks, “What is it about economics that so provokes the distrust of so many noneconomists?” Consider by way of an answer a not-untypical question about economic theory asked by Geraldo Rivera on Fox News Channel on September 24, 2005 (and not answered, except through agitated non sequiturs, by Rivera’s interlocutor, business reporter Neil Cavuto). To paraphrase:

I know that the price of gas may go up because of Hurricane Katrina. Supply and demand, that’s how capitalism works. But are the oil companies taking advantage of the situation to jack ’em up even higher? That’s not capitalism, it’s grand larceny.

Rivera assumes, apparently, that oil companies can *make* people buy their products at any price the companies choose. But if so, then even without the “excuse” offered by Hurricane Katrina, nothing but the threat of legislation could stop the companies from committing grand larceny all the time (cf. Caplan 2005). Rivera is trying to reason counterfactually, but *competition* among oil companies, including the ability of one company to undercut another’s arbitrarily high prices, seems to be invisible in the laboratory of his mind, as does the ability of consumers to conserve on gasoline-powered transportation when its price goes up.

Yet Rivera, no doubt, displays a relatively enlightened version of the mental primitivism Schumpeter had in mind. He may say foolish things, but he is not stupid. He is simply ignorant—of microeconomics. His suspicion of the larcenous price gouger does not reflect hostility to an “unplanned economic order” *because it is unplanned* (if anything, he seems to think it is more planned than it really is), any more than his desire to regulate or abolish profiteering is due to an “engineering mentality” that sees planning as inherently good. The profiteer should be restrained, Rivera thinks, because there is an arrow from the profiteer’s greed to high consumer prices; the purpose of reining in the profiteer is to protect consumers from malfeasance, not from disorderliness.

The scandal caused by *The Fable of the Bees* indicates that people just don’t seem to be naturally inclined to understand Mandeville’s and later Smith’s point: that *intentions do not necessarily correlate with consequences*.

The widespread animus toward “corporations,” big business, capitalism, globalization, etc. is the result not only of explicit anti-capitalist teachings, but of what *does* seem to come naturally: applying the intentions heuristic to economics—producing suspicion of the profit motive and hostility to any economic theory that defends it. Hence, economic illiteracy and Geraldonomics.

Should this be surprising? No reproductive advantage would have flowed to a hunter-gatherer who was a good economist. Economies did not yet exist when hunters and gatherers were evolving the cognitive dispositions we have inherited from them. But in the face-to-face context of a hunting and gathering tribe, others’ intentions *did* correlate with important consequences, so the intentions heuristic would have served very well.¹⁰ The same can probably be said of the other heuristics on which people now draw in making political decisions—including decisions about economic policy.

Hayek had the *form* of this argument in his grasp by, at the latest, 1933: people (1) are ignorant of economics, and (2) would anyway intuitively resist its teachings, because economics theorizes about a world in which cause-and-effect relationships are, to them, largely invisible. The second, cognitive-psychology part of Hayek’s argument suggests a more fruitful approach to “complexity” than he ended up pursuing (e.g., Hayek 1964). What makes something too complex to be intuited is that it does not fit the *patterns our minds are prepared to notice*. Hayek (1973, 38; cf. Hayek 1974, 26), however, came to view complexity much more narrowly, as inhering in the *number of things* being comprehended: an economy, therefore, is complex inasmuch as it comprises “more particular facts . . . than any brain could ascertain or manipulate.” While it is true that this is the type of complexity facing a would-be central planner (Hayek seems trapped in his long-finished debate over communism), it is not the type of complexity facing an (amateur or professional) economic *theorist*—even a theorist of central planning. After all, what confounded his opponents in the socialist-calculation debate, in Hayek’s view, was not that they lacked knowledge of the many particular facts of supply and demand that determine a given price, but that their theory oversimplified *one* fact: how capital-goods prices are derived.

The complexity of theories about economic patterns is different from the complexity of the data composing those patterns, and it is the former kind of complexity that appears to be counterintuitive. The data of the economy itself may be hard to collate because of

their numerousness, but theorizing about the economy is difficult for a different reason: unlike economies, what makes economic theories hard to grasp is the qualities our minds are structured to notice, not the quantity of computations our brains can perform. It is true that Geraldo Rivera thinks of only two entities: an oil company and a customer. But to make his thinking economically literate, he would need to add only one more factor: potential competition from another (to him, invisible) oil company. What makes economics complex for Rivera is not the difficulty of juggling three ideas instead of two. It is that his mind has not been primed, either genetically or culturally, to notice the third factor, competition (empowered, we might add, by a fourth factor: the consumer's ability to exit from the first company's prices)—while it has been amply sensitized to the evil of greed. The intentions heuristic makes the oil company's selfish motives very "visible" to Rivera. Conversely, the possibility that the consumer is not at the mercy of another entity's motives, but may be able to choose among competing entities, would have no ready analogue in the hunter-gatherer world in which our intuitions evolved.

Meanwhile, our cultural heritage, far from filling this lacuna by artificially preparing our minds to notice competitive patterns or the possibility of *unintended* consequences, takes thinking like Rivera's for granted and buttresses it. The artists, filmmakers, journalists, and educators who imaginatively renew this heritage day by day have usually never seen the world modeled in a different way. And in the rare cases when they have, the alternative (economic) model has pointlessly emphasized unrealistic assumptions such as perfect knowledge and universal self-interest—neither of which are needed for the model to work, and the latter of which triggers the intentions heuristic and its massive cultural reinforcements. In all, the creators of our culture have been thoroughly indoctrinated in the importance of good intentions; and the opposite message appears to be not only unnoticed and misstated, but counterintuitive even when carefully presented.

So if, in fact, the likes of Hayek are right about the value of economic theory, then the ideas and intuitions deployed by piecemeal social engineers and their popular judges are likely to be counterproductive. They are surely not likely to perform economically literate thought experiments.

One need not fear, then, that democratic intervention in markets will lead to the outright abolition of capitalism in order to be wary of piecemeal intervention that can (and, arguably, has) inadvertently

blocked the progress of the “least advantaged” from poverty, and that has inadvertently made people’s lives unnecessarily difficult. Given the cultural and genetic constraints on our cognition of society, it would be miraculous if democratic intervention could do otherwise.

Politics as Religion

All things considered, we have no more reason to expect people to reach reasonable political conclusions than we have to expect them to reach reasonable religious conclusions. In politics as in religion, we are at the mercy of our ill-adapted and congenitally closed minds. In the economy, by contrast, we have the assistance of prices that result from people’s exit decisions, which spares us much need to know what we are doing. Natural science requires from researchers more self-consciousness about the hypotheses being tested than capitalism requires of entrepreneurs, but at least scientific progress does not depend on scientists being good philosophers of science.

In politics (as in religion) it is very different. There, we need to be good metaphysicians to recognize that we are employing hypotheses about cause and effect that require testing, but that cannot be tested *post hoc ergo propter hoc*. We need to be good logicians to test those hypotheses counterfactually, in the laboratories of our minds. We need to be good epistemologists to recognize the cultural and genetic biases that may taint our reasoning, and to avoid cynically attributing other theorists’ biases to evil motives or simple self-interest. We need to be able to recognize our instinctive resistance to the likes of Hayek as possibly originating in misleading intuitions and cultural indoctrination, and then have the patience to work through the theories of such “reactionaries” with open minds. In short, we need to be the paragons of self-critical rationality embodied in the normative interpretation of Popperian fallibilism.

There is no reason to think that such angelic *cognitive* qualities would have been selected for by either genetic or cultural evolution, and in the public-opinion literature we find ample reason to think that they have not. Therefore, we are ill advised to follow Popper in analogizing politics and science. The analogy is far too complacent about democracy to fit with a Popperian awareness of human ignorance.

In *The Open Society and Its Enemies*, Popper (1966, 17) describes the program of the democrat as based on “faith in reason and on humanitarianism.” But humanitarian objectives can be achieved only if policy makers have sound theories about the causes of misery under modern conditions. If it is unlikely that people with our genetic and cultural inheritance will be exposed to, let alone accept, such theories, then in endorsing democratic control over the private, exit-friendly sphere, Popper is indeed trusting in nothing but “faith” that the results will be beneficent. If the facts about how to achieve humanitarian ends do not speak for themselves—if the truth is not manifest—it is difficult to imagine what could sustain such a faith.

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NOTES

1. It is *prima facie* untrue that we lack “the creative power to imagine categories at variance” with instrumental rationality, as Hayek’s mentor, Ludwig von Mises (1949, 35) asserted; Weber had already imagined such categories. In Friedman 1995, 23–24n4, I detail Mises’s failure, in his *Epistemological Problems of Economics*

(1933), to come to grips with the methodological implication of Weber's categories when he dealt with Weber's attack on the universal status of "Gresham's so-called law." Mises indignantly maintains that such economic "laws," as valid inferences from the apodictically certain premise that "man acts" (in an instrumentally rational manner), are indeed a priori universals; but, in the same breath, he unwittingly concedes to Weber that, as in the actual historical incident Weber adduces, the applicability of such "laws" in a given case, far from being a lawlike universal, *cannot* be assumed a priori (because man acts in unpredictable, yet understandable, ways).

I suspect that Mises was too much in the shadow of the *Methodenstreit* against which the first "Austrian economist," Carl Menger, defined his views. Menger's opponents in this debate, members of the "younger" German Historical School, maintained that only empirical methods could be applied to a posteriori reality. They mistakenly believed that this meant documenting all of reality in its infinite variety, without the use of theoretical abstractions. Avoiding their mistake, however, does not mean going to the opposite extreme of asserting a priori the universal applicability of one's theoretical abstractions, such that they become "laws." Instead, one can treat one's theories as a priori hypotheses about how reality might be, the applicability of which can then be empirically investigated.

The theory-ladenness of data selection and interpretation does not entail that the applicability of the interpretations made possible by theories is impervious to falsification through controlled thought experiments, at least in some cases. Weberian ideal-type methodology is a middle ground between impossibly atheoretical positivism, such as that professed by the German Historicists whom Menger fought, and the "apodictic certainties" of extreme Misesian apriorism. As the passages quoted in the text indicate, Hayek seems to have been positioned on this middle ground.

The procedure of *Verstehen* that Weber canonized—the attempt to use introspection to help put ourselves in the shoes of those we are trying to interpret—by no means limits us to understanding instrumental behavior, to the exclusion of emotional, traditional, or value-rational behavior. We can see by introspection that we are capable of all four types of "rationality." While as Weber notes, traditional and especially affectual "rationality" shade off into the involuntary and thus, arguably, may not lend themselves to *Verstehen* when that is an attempt to reproduce conscious thought patterns, this is certainly not the case with "value-rationality," as exemplified in Kantian ethics. One can be fully conscious when acting out of perceived duty, such that an action becomes an end in itself (indeed, arguably, more so than when employing instrumental rationality, since duties *must* be consciously perceived as such).

The only escape from recognizing this is to tautologize Misesian "purposive behavior," such that behavior that serves *no* purpose beyond itself still qualifies (in that it is "instrumental" to fulfilling one's perceived duty or to "expressing" one's anger or fealty to tradition). This tautology precludes any specific inferences about how people will behave, including the inferences that give rise to

economic theory, since the minimal requirement of economic theory is the presumption *in a given case* of economizing (teleological) rather than dutiful (deontological) behavior. I am simply following Weber in suggesting that this presumption be treated as a falsifiable hypothesis, not a lawlike assertion.

Putting oneself in the shoes of a voter in an electorate so large that voting is instrumentally irrational allows us to see that a *possible* reason one might vote anyway is a sense of civic duty. The fact that one who privileges instrumental rationality might argue that such reasoning is *foolish*, as Weber clearly thought was true of Kantian ethics, does not mean that such reasoning is *unintelligible*—as Weber recognized by designating it as a distinct form of “rationality.”

2. Cf. Ikeda 2003, 67: “Radical ignorance refers to our unawareness of the existence of the relevant knowledge that we could know at zero cost.”
3. Political scientists tend to assume that—as long as it can be said to exist—the will of the people is legitimately sovereign, regardless of how unwise the decisions it makes. This assumption overlooks the crucial challenge posed to *any* theory of sovereignty, including popular sovereignty, by Richard Wollheim’s pathbreaking article, “A Paradox in the Theory of Democracy” (1972). The implication of Wollheim’s paradox can be briefly stated. The sovereign’s right to choose any course of action places the sovereign (whether a king or a voter) in the position of Buridan’s Ass: ungoverned by any criteria for making that choice. Any such criterion would, by virtue of its putative goodness, itself be the *de facto* sovereign, constraining the decisions of the *de jure* sovereign. An *ex ante* decision criterion would be a norm with which to judge, challenge, and perhaps delegitimize the nominal sovereign’s decisions. Without such a criterion, how can the sovereign choose? Yet, if the sovereign chooses in accordance with such a criterion, then its actions can be judged illegitimate if they fail as means to that putatively good end, or if the end itself is illegitimate.

Thus, if the result of public ignorance is that *bad* decisions are made, the doctrine of popular sovereignty does not rescue democracy from illegitimacy.

The same line of reasoning can, of course, be applied to liberal theories of *individual* sovereignty, as suggested by the fact that in his reply to Wollheim, Michael Walzer (1981) defends democracy as a matter of human autonomy. But Walzer dodges Buridan’s bullet only by describing human autonomy as both prescriptively and descriptively determined by people’s “communities,” and thus as not autonomous at all. In parallel fashion, liberal defenders of *de jure* individual autonomy commonly end up *denying* *de facto* autonomy (free will) because the prerequisite of the latter is some criterion of the good, with all its paternalistic (“rights”-violating) implications.

By the principle of sufficient reason, a will that is free in the sense of being underdetermined by mechanical (cultural or genetic) forces must be determined by something else. This something else is the chooser’s criterion of the good. To freely pursue value A rather than B presupposes that A is good in itself or is instrumental to good ends. The criterion of the good, A, replaces mechanical forces in *constraining* the will’s choices. The criterion of the good is thus the *de facto* sovereign. But if criterion A is sufficiently good to constrain

the free agent's own actions, why isn't it good enough to likewise interfere with the de jure sovereignty (the "rights") of other agents, whose own free actions presuppose the validity of their criteria of the good—and whose pursuit of criteria B, C . . . N must ipso facto, in the eyes of an adherent of criterion A, be mistaken?

To avoid such conclusions, liberals (fearing paternalism), communitarians (fearing imperialism), and democrats (fearing Platonism) alike are drawn ineluctably into *denying* de facto free agency, and with it the free will's presupposition of normative criteria of the good. The liberal equivalent of a Walzerian community's "identity" is the liberal individual's "tastes and preferences": both avoid Buridan's dilemma only by replacing freely willed axiological sovereignty with unfree mechanical determination. (Cf. Friedman 1996.)

Not coincidentally, Walzer the democrat, defending a wilful (arbitrary, historically determined) Will of the People, was to become one of the main theorists of communitarianism, defending the identity-based determination of the good. We have in his reaction to Wollheim, *in nuce*, the whole liberal-communitarian debate that has shaped contemporary political theory—while leaving regrettably untouched the basic assumptions of the liberals, the communitarians, and the democrats. Cf. Friedman 2002.

4. Cf. Pronin et al. 2001, 640: "We feel that our own perceptions reflect the true nature of things, and thus assume that, to the extent that others perceive events and objects of judgment (including 'us' and 'them') differently, those others reveal the impact of various perceptual, cognitive, or motivational biases."
5. Arguably, one can rationally know which *categories* of information are not worth knowing without knowing the specific information in those categories. But this is true only in the sense that all ignorance is "rational" because whatever one already (thinks one) knows may seem to justify not knowing the other things. Until one actually knows those other things, however, the rationality of not knowing them, grounded in what one already knows, does not render the ignorance in question *logical* except in a very limited sense. There is no escaping the fallibility of one's rationales for ignorance, and therefore the possibility that, in navigating an obscure world the best we can (and therefore remaining rationally ignorant of most of it) from our given starting points, we might still be completely wrong about what is and what is not worth knowing. While our use of heuristics and any other tools at our disposal to mitigate our ignorance may be rational once we are in a position of ignorance, that position itself is not rational; and the particular types of ignorance that we strive to correct cannot rationally have been selected by us, rather than being imposed on us by the peculiarities of our individual situation, lest we have been omniscient *ex ante* about what categories of knowledge were relatively worth knowing.
6. Karen Vaughn (1994, ch. 7) underscores problems in two extant Austrian theories of entrepreneurship—those of Israel Kirzner and Ludwig Lachmann—that may be remedied by the emphasis on the accidental (cf. Hayek 1960, 29) that I try to achieve by subtracting the element of deliberateness from Hayek's analogy of entrepreneurship and science (Hayek 1968).

Vaughn (1994, 143) points out that Kirzner's theory of entrepreneurial *alertness* to profit opportunities allows only for entrepreneurial errors of omission: "Error only enters Kirzner's system as the failure to notice an opportunity that is available, not through actions based on faulty perceptions." In this way, Kirzner's theory ensures that entrepreneurs close previously unnoticed gaps between economic reality and economic equilibrium (as controlled experiments move us closer to truth, or as piecemeal social engineering is supposed to move us closer to the mitigation of distress). But why, Vaughn asks, should we think that entrepreneurs don't make errors of commission (in relying, I would point out, on their tacit or explicit theorizing, which, if it uses faulty logic and incomplete information, is as likely, *cet. par.*, to go astray as is piecemeal social engineering) that move economic reality *away* from equilibrium? Kirzner's answer is that entrepreneurs are *motivated* to avoid such errors by the potential for profit, but Vaughn (*ibid.*, 146) argues that the entrepreneur's wish does not make the reality so (any more than do the altruistic intentions of the piecemeal social engineer).

Lachmann, on the other hand, allows for the possibility of both types of error, for he sees economic activity as entailing interpretations of the world—theories about, *inter alia*, profit opportunities that may, as a result of the unpredictability of the future, be wrong. Indeed, Lachmann analogizes participants in the economy to conjecturing natural scientists, and interprets profits as "sign posts of entrepreneurial success" (quoted in Vaughn 1994, 155). But because Lachmann, following Hayek's student G.L.S. Shackle, grounds error in an entirely unpredictable future—as does another follower of Shackle, Greg Hill (2005; cf. Hill 2004)—even these signposts ultimately prove inadequate to steer us away from a "kaleidic" economy that is as unlikely to be successful as is social democracy (in my depiction of it). But it seems to me evident that when we scrutinize the unpredictability of the future (which, after all, merely changes from the present incrementally), capitalism has a fair chance of meeting consumer needs—as in fact it does, all the time—if we admit that successful entrepreneurship is not necessarily a matter of deliberate or even conscious theorizing rather than of fortuitous trial and error, where the selection mechanism that weeds out error is consumer Exit combined with the "hard-budget constraint": entrepreneurial bankruptcy. We need not credit the surviving entrepreneurs with clairvoyance in order to allow that the competing theories embodied in their enterprises must have escaped error, however accidentally. In navigating the future, moreover, we have the assistance of speculators whose theories about the future are subject to evolutionary selection through profit and loss. One noted speculator has compiled a 32-percent annual return since 1982 by using such theories as one that relates commodity prices to patterns in Beethoven's music (Burns 1997). "Whatever voodoo he uses," his success shows that it isn't really magic.

A third Austrian view of entrepreneurship, developed by David A. Harper (1996), explicitly applies Popperian fallibilism to the entrepreneur, but focuses on the entrepreneur's *conscious* theorizing and *learning* from the mistakes to

which his theories may lead. Harper's view may well provide a cogent description of most profit-driven entrepreneurship in the modern West, but cognitive self-awareness and flexibility among entrepreneurs are not *necessary* if entrepreneurs, as a class, are to meet consumer needs—as long as competition weeds out those entrepreneurs whose (implicit or explicit) theories about how to do so are mistaken.

7. Challenging discussions with Seb Benthall at www.cr-alumni.org prompted me to make this distinction.
8. The founder of Austrian economics, Carl Menger, allowed his appreciation for ignorance to extend to the question of whether consumers were ignorant of the true means by which their happiness would best be achieved. So he distinguished between truly good means (“true goods”) and only putatively good ones (“imaginary goods”). Paternalism is, of course, a possible implication of any such non-preference-based (i.e., any truly hedonic) utilitarianism, where the *objective* effectiveness of means to achieving the end of happiness is assessed independently of individuals' subjective preferences. In rejecting paternalistic answers to this question, Menger ([1871] 1981, 53), had, at least arguably, an overoptimistic, rationalistic view of how easily people would learn to pursue “true” rather than “imaginary” goods. “As a people attains higher levels of civilization, and as men penetrate more deeply into the true constitution of things and of their own nature, the number of true goods becomes constantly larger, and as can easily be understood, the number of imaginary goods becomes progressively smaller.”

A reliable judgment about whether nonrational learning from pleasurable and painful experiences can (as suggested by McDermott 2004, quoted in the text) accomplish progress of a humbler but more realistic sort than Menger envisioned, within the compass of an individual's life, is beyond the scope of this paper. Very roughly, however, to the extent that consumer purchases are repeatable (rather than, say, being one-time events or long-term investments), one may say that they will tend desirably to diminish consumers' reliance on defective conscious reasoning, and therefore to tend toward successful want-satisfaction. I owe the parenthetical qualification to discussions with Earl C. Ravenal and to Hill 2005.

None of this should matter to the political theorist if there is no realistic form of politically imposed paternalism that might correct the many errors, conscious and subconscious, that we can and do make in the “private sphere.” However, even a *slight* tendency for subconscious human reactive learning over a lifetime to produce happiness, or to reduce unhappiness, because of our ability to exit from negative stimuli and stay with positive stimuli, would seem to produce a *prima facie* case *against* paternalistic, Exit-blocking political regulations if, on the other side of the equation, the heuristics that govern the writing of those regulations in the real world of political Voice are, on balance, even *slightly* tilted toward the ignorant or illogical. Alcohol and drug prohibition are among many experiments in paternalism that suggest that this is the case, but

the question is obviously an empirical one that will, perhaps, be explored by scholars with more psychological expertise.

9. It is instructive that Hayek (e.g., 1952) treats Saint-Simon and Comte as the only progenitors of socialism who matter, managing to connect his critique of them to Marx only by virtue of the fact that the latter (like the former) thought he could predict the future (as, of course, did Hegel and many others)—rather than by virtue of the (anarchist) nature of the utopia Marx foresaw as history's end, or the (coercive) nature of the exploitation it was to replace. One really wonders if Hayek (1973, 57) could have read more of Marx than the *Communist Manifesto* when he calls Marx an “aspiring dictator”—truly an egregious slip for a usually careful historian.
10. Indeed, “our evolutionary heritage . . . primes us to anticipate intention in *the unseen causes* of uncertain situations that carry the risk of danger or the promise of opportunity. . . . Natural selection may have prepared us to induce agency in potentially important but causally opaque situations” (Atran 2002, 61, *emph. added*)—such as those dealt with by religion.

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