

Book Reviews

Hayek and the Evolution of Capitalism. *By Naomi Beck.* Chicago: University of Chicago Press, 2018. 184 pp. References, notes, index. Cloth, \$40.00. ISBN: 978-0-226-55600-0.

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Reviewed by Janek Wasserman

Friedrich Hayek's reception within economics has experienced vertiginous highs and lows. Recognized as a pioneer in monetary and trade-cycle theories in the 1930s, he had distanced himself from technical economics by the 1940s. His reputation suffered, and *Road to Serfdom* (1944) largely signaled the end of his economic career. While the conferral in 1974 of the Nobel Memorial Prize in Economic Science revived his profile, Hayek would remain more associated with political and ideological developments: the rise of Margaret Thatcher and Ronald Reagan and the collapse of Communism. In the last quarter century, scholars have turned to Hayek's later work on evolutionary theory, reviving his influence again. Yet in Naomi Beck's groundbreaking analysis, she demonstrates that "Hayek's theory suffers from incoherencies, lack of supporting evidence, and also disregard for the theories that inspired it" (p. 5). Hayek's evolutionary theory, which he believed provided the scientific basis for a capitalist, market order, instead revealed the ideological foundations of his thinking. In a mere 160 pages, Beck comprehensively analyzes—and effectively refutes—Hayek's theory of evolutionary capitalism.

Although Beck rejects Hayek's approach to group selection and evolution, her book is first and foremost an assiduous reconstruction of the Austrian's thinking. "Close examination," not polemics, "is the objective of the present book" (p. 5). Beck places Hayek's interest in the natural sciences at the center of his oeuvre. She traces these concerns from his university days into the 1930s, when Hayek embarked on a critique of rationalism. She stresses his concepts of true and false individualism: the former associated with English and Scottish thinkers like David Hume, Adam Ferguson, and Adam Smith; the latter with the "constructivist" French Enlightenment thinking of René Descartes. Hayek maintained that false individualists overvalued human reason and human design. His rejection of positivism and "scientism" in the social sciences led him to seek an alternative methodology for economics, which dispensed with the hubris of objectivist scholars, including Descartes,

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Auguste Comte, and Otto Neurath. As Hayek explored the ideas of true individualism, he identified Charles Darwin with that tradition.

For Beck's discussion, *The Sensory Order* (1952) is Hayek's pivotal work. In it, for the first time, he introduced an evolutionary framework for methodological individualism, arguing that the human mind is constituted by a system of unconsciously devised rules. One cannot reduce complex phenomena like mind or society to simplistic assumptions about human behavior as empiricists like Milton Friedman proposed to do. Hayek focused on "maps" that humans made of their reality and the "models" they derived from maps. Much of this model building was unconscious—the product of human action but not human design. He extended these insights to his theoretical work, in which he discussed the role of "pattern predictions" in the social sciences. These positions became the foundation of his work on cultural evolution, in which he asserted that societies and their rules emerge through selection. While inspired by Darwin, Beck reveals Hayek's haphazard and distortive use of Darwin's ideas, especially Hayek's downplaying of human agency. She then shows how evolutionary scientists rejected Hayek's interpretations.

Despite these shortcomings in his analysis of evolutionary processes, Hayek proceeded to defend free-market society as a product of cultural evolution. In the most profound section of the book, Beck depicts Hayek's mature theory—and finds it wanting. To account for the evolution of human life from small-group interactions to complex social orders, Hayek invoked the concept of group selection. Lapsing into what Beck characterizes as an "outdated, teleological understanding of cultural evolution," Hayek conflated group selection with growth and growth with progress (p. 8). This gave his evolutionary thinking a conservative and ideological cast as it diverged not only from the contemporary scientific consensus but also from his intellectual forebears Darwin and Smith. He failed to explain why free markets were the natural (and desirable) consequence of evolution. In his defense of growth and progress, Beck argues, Hayek veered closer to Social Darwinism than evolutionary science. Drawing on criticisms from a wide array of scholars—from Hayek sympathizers like Victor Vanberg and Richard Posner to critical scholars like Stephen Jay Gould and Robert Sudgen—Beck reveals a series of philosophical and scientific problems in Hayek's theory. She concludes that Hayek's evolutionary thought and his liberalism were riddled with inconsistencies and contradictions resulting from his ideological biases: "[Hayek's] evolutionary line of reasoning appears to be a veneer covering a deeply ideological argument in favor of free market capitalism" (p. 155).

The book's greatest strength—its faithfulness to rendering Hayek's own arguments—ironically also produces some minor problems. The internalist focus on Hayek's work raises important contextual questions, including just how "ideological" Hayek's evolutionary thinking was. In the effort to adjudicate the veracity of Hayek's theories, Beck engages a large number of current scholars, yet she does not engage contemporary reviews of Hayek's works as comprehensively. Did the scholarly community reject Hayek's interpretations? Did Walter Bradford Cannon, Ludwig von Bertalanffy, or Norbert Wiener, say, object to Hayek's appropriation of their concepts? Moreover, to demonstrate that Hayek misinterpreted Darwinian evolution or group selection theory would require a more thorough presentation of the dominant views at the time. Particularly helpful in making the argument about ideological bias would have been a demonstration of Hayek's selective and tendentious readings of contemporary evolutionary science.

None of these objections detracts from Beck's substantial achievement. *Hayek and the Evolution of Capitalism* is the most significant work on Hayek's late thinking to date. A paradigmatic example of close reading and reasoned analysis, the book pursues Hayek's ideas across his entire lifetime. Beck's engagement with the voluminous existing Hayek scholarship and her knowledge of the history of evolutionary theory distinguish the book from its predecessors. She demonstrates the overdue need for a reassessment of Hayek's evolutionary ideas, not to mention his liberalism. Beck has blazed a trail for critical scholarship on Hayek and (neo)liberalism, showing that the most effective way of combating such individuals and ideologies is through careful reconstruction—and deconstruction.

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Globalists: The End of Empire and the Birth of Neoliberalism. By Quinn Slobodian. Cambridge, MA: Harvard University Press, 2018. 400 pp. Illustrations, notes, index. Cloth, \$35.00. ISBN: 978-0-674-97952-9.

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Reviewed by Sophus A. Reinert

Though it undoubtedly provides cold comfort, it is true that crises have, if nothing else, repeatedly proven themselves good to think with and about.