

HAYEK, SCEPTICISM, AND
DEMOCRACY: A
WITTGENSTEINIAN
CRITIQUE

ROBERT VINTEN

Universidade Nova de Lisboa



Volume 5 · Number 2 · 2021 · Pages 109 - 119

The multiple crises facing us: the climate crisis, economic crises, and the current pandemic can be traced in part to the ideology which has come to dominate politics around the world since the 1970s, the ideology of neoliberalism. Neoliberalism, like liberal ideology more generally, places an emphasis on freedom. However, the freedom that neoliberals particularly emphasise is the freedom of business people to do business without constraint. Neoliberals emphasise strong property rights, deregulation, privatisation, and free trade as means to encourage the freedom of entrepreneurs to make profits. However, they do not present their policy proposals as being simply to the benefit of a wealthy few. They see these measures as being intimately connected to individual liberty more generally. The philosopher and economist most closely associated with neoliberalism is Friedrich Hayek.

Hayek's Epistemology

Given the multiple crises that are occurring after decades of neoliberalism we should take care to examine neoliberalism's claims and subject them to critical scrutiny. What I propose to do here is to examine some of the philosophical claims made by Friedrich Hayek and then submit them to scrutiny using tools from Hayek's cousin, Ludwig Wittgenstein.

The principal way in which Hayek developed a philosophy to justify neoliberalism was to claim that alternative systems; social democratic, communistic, or fascistic, inevitably failed because small groups of people in government necessarily lack the knowledge to plan an economy.¹ A better way of utilising the knowledge present in society, he thought, was through market mechanisms which people could respond to appropriately despite lacking the sort of knowledge required to plan an economy. One of Hayek's lines of argument was to argue that much of the knowledge in society is practical knowledge, know-how,

¹ Hayek, F. A. *The Fatal Conceit*, London: Routledge, 1988, p. 59.

which is tied to particular individuals at particular times in particular circumstances.² This knowledge cannot be conveyed to a central planning board, on Hayek's view, because practical knowledge cannot be translated into propositional knowledge – knowledge-that something is the case. Practical knowledge, according to Hayek, is inalienable.³

Another prong in Hayek's attack on our claims to knowledge was to develop a philosophy of perception that drew on John Locke's account and developed "a more consistent and radical application of its [empiricism's] basic idea".⁴ Hayek agreed with Locke in at least five ways, in claiming that: (i) we have direct, introspective knowledge of the human mind – of mental events and mental processes⁵ and that (ii) "colours, sounds, odours, feelings of touch" are

² Hayek, F. A. *Individualism and Economic Order*, London: Routledge, 1949, p. 81 and 'The Use of Knowledge in Society', *The American Economic Review*, Vol XXXV, 1945, p. 522.

³ 'The Use of Knowledge in Society', p. 524.

⁴ Hayek, F. A. *The Sensory Order*, Chicago: University of Chicago Press, 1952, p. 172.

⁵ *Ibid.* p. 192, where Hayek says that "We can still use our direct ('introspective') knowledge of mental events in order to 'understand', and in some measure even to predict, the results to which mental processes will lead in certain conditions". See also, pp. xx, 35, 108.

“sensory qualities”⁶ which are mental items (part of the ‘phenomenal realm’ as opposed to the ‘physical realm’).⁷ He also agrees with Locke that (iii) those sensory qualities are a link in a causal chain starting with a stimulus producing some kind of sensory impact on our sensory organs and that (iv) our experiences represent or resemble the physical world (“the external world”) in some respects but not in others and finally (v) he agrees with Locke in assimilating sensation and perception.⁸

Note that in both of Hayek’s sceptical lines of argument he makes knowledge something ‘private’ and attached to individuals. Knowing how to do something, practical knowledge, is inalienably tied to the individuals who possess that knowledge and perceptual knowledge of

⁶ Ibid. p. 3, pp. 34-5 (where Hayek talks about us having “immediate experience of a group of sensory qualities (say a number of sounds and colours”).

⁷ Ibid. p. 4, p. 16 (where Hayek talks about the “phenomenal or mental order”). See also p. 39.

⁸ Locke used the example of approaching a fire and the ‘sensation’ of warmth becoming, by degrees, a sensation of pain (*Essay Concerning Human Understanding*, II-viii-16). Hayek talks about “the sensation of ‘white’” p. 14, *The Sensory Order* and on p. 78 he claims that “there is no substantial difference between the acts of ‘sensation’ and of ‘perception...’ because both are “acts of classification (or evaluation) performed by the central nervous system”.

the world around us is a matter of apprehending something in the mind and only indirectly a matter of perceiving something ‘outside’ of us. This individualistic account of knowledge clearly finds echoes in his individualistic political philosophy, which he claims aims at individual freedom.

The Wittgensteinian Critique

Although Hayek and Wittgenstein were related they only met on a few occasions and when they did meet they “talked pleasantly on a variety of topics outside philosophy and politics” because they knew that they disagreed philosophically and politically.⁹ However, the philosophical and political disagreements between Wittgenstein and Hayek have rarely been explored and that is surprising given Wittgenstein’s enormous influence in philosophy and Hayek’s influence on contemporary politics and economics.

It is clear that Hayek’s epistemology is in tension with Wittgenstein’s remarks about knowledge, perception, and privacy in his later philosophy. Wittgenstein recognised the

⁹ Hayek, F. A. ‘Remembering My Cousin, Ludwig Wittgenstein’, *Encounter*, Aug. 1977.

temptation to think of sensations as something that we are each, individually, privately acquainted with. He remarked that we are tempted to say, for example, that “only I can know whether I am really in pain; another person can only surmise it”.¹⁰ However, Wittgenstein says of this picture that “[i]n one way this is false and another nonsense”.¹¹ It is false because we *can* know that other people are in pain. We can sometimes come to know that somebody is in pain by *seeing* that they are and sometimes inferring it from things that we perceive. Of course, we do not see other people’s sensations but nor do we see our own. Wittgenstein notes that in cases where we *do* have knowledge of something it also makes sense for somebody to say that they doubt it. So, for example, somebody might claim that they know a friend of theirs is in town because they saw them across the market square. Another person might then say that they have good reason to believe that the friend is in another town. They spoke to them on the phone and they said that they were in

¹⁰ Wittgenstein, L. *Philosophical Investigations* (4th edition by P. M. S. Hacker and Joachim Schulte), Oxford: Wiley-Blackwell, 2009, §246.

¹¹ *Ibid.*

another town. The person who claimed that they saw their friend might then come to doubt that they did. So, it is possible for somebody to know that *their friend is in town* (having seen them there) but it is also possible for them to doubt that *their friend is in town* (if the conditions in which they saw the person were not ideal – they saw them at a distance or when it was dark). But it does not make sense for somebody to say that they doubt that they are in pain. There is no equivalent, in the case of pain, to the conditions in which we perceive (at a distance, in good illumination, etc.).

These considerations suggest that Hayek's assimilation of perception to sensation is also confused. Objects that are perceived very often exist whether we perceive them or not but there is no such thing as an unfelt sensation. There is a first/third person asymmetry in the use of sensation expressions. It makes sense for me to say of someone else that I doubt that they are in pain or that I know that they are in pain but it does not make sense for me to say that of myself. There is no parallel asymmetry in the case of 'perceptual qualities' like colours, sounds, and smells.

Hayek's claims about the inalienability of practical knowledge can also be questioned by taking up Wittgenstein's suggestion of looking at particular cases.¹² For one thing, it is clear that some examples of knowing how to do something *are* reducible to examples of knowing *that* something is the case. If I know how to spell 'Edinburgh' I know that you spell it 'E-d-i-n-b-u-r-g-h'. However, it is also fairly clear that some cases of knowledge-how are not reducible to cases of knowing-that (e.g. knowing how to swim). That is not to say that the knowledge cannot be passed on to others, however. We can instruct others in how to do certain things and people can learn to do things by example and through practice. Moreover, it is also clear that in planning activities we need not know how to do them. The skill involved in planning a bike race is distinct from the skill of racing a bike. Furthermore, Hayek is mischaracterizing other forms of government in painting them as being simply a matter of a central individual or group planning everything. A planner in government can

¹² Wittgenstein, L. *The Blue and Brown Books*, New York: Harper & Row, 1958, pp. 18-20.

plan to have others plan activities further down the chain. Many socialists, for example, think of their ideal society as one in which workers would have a lot of say in what they do in their workplace and in their locality. There would have to be some coordination of activities but this is not a matter of an individual planning out every last detail of how an economy is to be run.

So, Wittgenstein's philosophy can be used to challenge the individualistic epistemology espoused by Hayek and once that prop is removed the economic and political policies supported by Hayek's sceptical epistemology cease to have the support that Hayek supposed they did. The society of individual freedom, where businesses are free from governmental constraints, cannot be justified using an individualistic epistemology. Moreover, alternative visions of society, where people plan, cooperate, and place constraints on economic activity (e.g. to protect the environment or to guarantee worker's rights) are available to us despite Hayek's protestations. Hayek's arguments present central planning as an a priori

impossibility¹³ but the problems with planning are practical problems that can be overcome.

¹³ 'The Use of Knowledge in Society', p. 519.