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THE INTELLECTUAL PARTNERSHIP OF HAYEK AND POPPER

Rafe Champion
Independent Scholar
rafe.champion@gmail.com

1. Introduction

This paper is product of a project to demonstrate the synergy of Popper and Austrian economics (Champion, 2008; Champion, 2011). It explains how Popper was a partner and supporter of Hayek's project to reform and revitalise the mainline of economics. According to Peter Boettke's account in *F. A. Hayek: Economics, Political Economy and Social Philosophy* Hayek's aim was to counter the influence of Keynes and mathematical economics that diverted the mainstream of economics from the "mainline" of good economics. This diversion was facilitated by three intellectual errors that Hayek laboured to make explicit so they could be subjected to effective criticism. These were scientism, the abuse of reason that he labelled constructivist rationalism and neglect of the social, institutional and cultural framework of markets and human action at large. Popper took the same line as Hayek on those issues although economists would probably not realise this because he did not contribute to the literature of economics.

On Boettke's account a critical turning point in Hayek's career came during his exchanges with Keynes and Lange when he realized that he had to come to grips with the presuppositions that drove the new waves of thought. He identified problems at the micro level in the form of misplaced confidence in the methods of the natural sciences and at the macro level there was not enough attention to institutions and incentives. The framework of economic analysis called for attention and Hayek was losing the argument because his opponents would not or could be alerted to the limitations of their frame of reference. This recalls the situation that Menger described in 1883 "the real perniciousness of the present state of political economy in Germany…pursuing relatively secondary problems they lost sight of the main goals of research in the field of political economy and even lost sight of the science itself...the time has come when methodological investigations in the field of political economy necessarily take first place in scientific interest. The progress of our science at present is hindered by the sway of erroneous methodological principles. Methodology thus has the floor and will keep it until, through clarification of the goals of research and subsequent clarification of the ways to attain the goals." (Menger, 1985, 31)

Due to the influence of the logical positivists it was the worst of times for the philosophy and methodology of science in the 20th century so Mises and Hayek had to make their way against the mainstream of the philosophy of science until it was challenged from the inside by Popper.

2. Scientism

Labouring the difference between science and the humanities has long been a fashion, and has become a bore. The method of problem solving, the method of conjecture and refutation, is practiced by both.
Popper (1972, p. 185)

Hayek emphasised in the opening pages of *The Counter-revolution in Science* that his attack on scientism was not addressed at the proper and effective methods of science. He read Popper's *Logik der Forschung* soon after it appeared in 1935 and he discovered that his thoughts were moving along the same lines. He did not need Popper to emancipate him from scientism although he was pleased to learn that the methods that he criticised were not really the effective methods of the natural sciences (Caldwell, 2010, 36-37)

Logical positivism and logical empiricism contributed to the problem of scientism although few economists or working scientists studied the primary works and those who took philosophy seriously like Einstein and von

Mises generally rejected positivism/empiricism. Mises saw the threat coming in the 1920s and wrote a series of critical papers that are collected in *Epistemological Problems of Economics* in 1933.

It is helpful to realise that the inappropriate emulation of the *perceived* methods of the natural sciences has been a problem in natural science since Newton's triumph converted science into Science with a capital S. Hitherto the term "science" referred to any body of organised information, and to be "scientific" was to be systematic in pursuit of any activity from angling to astronomy. Newton's example created a new standard of excellence that called for sophisticated mathematical analysis based on large bodies of data. Copying observed practices without insight produces what the physicist Richard Feynman called "cargo cult "science (Feynman, 1985). The concept of cargo cults came from the Pacific islands where the cultists constructed mock airstrips and port facilities in the expectation that cargo would arrive as it did when the Americans built temporary facilities during the war. Popper challenged the obsession with "inductive" methods that tend to produce the "cargo cult" approach.

3. Constructivist rationalism and the abuse of reason

I may be wrong and you may be right, and by an effort we may get nearer the truth.
Karl Popper

The affinity of Hayek and Popper on scientism is clear but the same cannot be said of their views on reason and rationality because they approached the tangled skein of ideas on this topic from different angles. Hayek's angle in the extended "abuse of reason" project was to expose the errors and the consequences of a particular form of rationality that he labelled constructivist rationality. Popper's purpose was to defend rationalism because he described the conflict between rationalism and irrationalism as arguably the most important intellectual and moral issue of our time. (Popper, 1966, chapter 24 "The Revolt Against Reason"). Popper's rationalism is nothing like Hayek's target, constructivist rationalism. Popper used rationalism in a sense that embraces both evidence (Empiricism) and reason (Rationalism or Intellectualism) in the way that science uses experiments as well as thought. This means addressing issues as far as possible using "clear thought and experience rather than by an appeal to emotions and passions." (ibid, 224). "We could then say that rationalism is an attitude of readiness to listen to critical arguments and to learn from experience…admitting that 'I may be wrong and you may right, and by an effort, we may get nearer to the truth'." (ibid, 225).

He briefly but decisively distanced his own position from *comprehensive or unlimited rationalism* that is essentially the same as Hayekian constructivist rationalism. Comprehensive rationalism is the refusal to accept any position that has not been rationally demonstrated by evidence or argument but the principle itself cannot meet the criterion and is self-contradictory. Hayek traced the roots of constructivist rationalism to the doctrine to Descartes whose ""radical doubt"" led him to deny the status of truth to any statement that could not be logically derived from irrefutable premises. That is the same thing as Popper's unlimited rationality.

As to the rational or critical attitude to traditions that Popper expounded in his essay Towards a Rational Attitude to Tradition (Popper, 1963, Chapter 4), Hayek took the same position, against the views of commentators who read his criticism of constructivist rationalism as a dogmatic defence of any and all traditions in place at the time. To modify that impression he wrote:

> Let me clearly state the consequences that seem to follow from what I have said about the principles of legitimate criticism of social formations...I must at once warn you, however, that the conservatives among you, who up to this point may be rejoicing, will now probably be disappointed. The proper conclusion from the considerations that I have advanced is by no means that we may confidently accept all the old and traditional values. Nor even that there are any values or moral principles which science may not occasionally question. The social scientist who endeavours to understand how society functions, and to discover where it can be improved, must claim the right to examine critically, and even to judge, every single value of our society. The consequence of what I have said is merely that we can never at one and the same time question all its values. Such absolute doubt could lead only to the destruction of our civilisation... Complete abandonment of all traditional values is, of course, impossible, it would make man incapable of acting. (Hayek, 1967,18-19).

4. Popper's institutional turn

I suggest … an institutional (and technological) analysis of the conditions of progress.
Karl Popper

Possibly the strongest conclusion from Boettke's exegesis of Hayek is the need for more attention to the function of institutional, social and cultural context of human action. This is another area where Popper can be seen as a partner with Hayek but his contribution to institutional studies has been almost entirely overlooked because he did very little work along those lines after his first book. Similarly, Talcott Parsons was working in that direction in *The Structure of Social Action* (1937) but he took a different turn from that point and dissipated the value of his early insights (Champion, 2008).

Jarvie discovered the institutional approach in *Logic der Forschung* (1935) where Popper addressed the often tacit and unwritten methodological conventions or the "rules of the game" of science to assess whether they promote "best practice" in the form of relentless criticism to locate errors. As Mises put it "Man is not infallible...He can never be absolutely certain that his inquiries were not misled and that what he considers is certain truth is not error. All that man can do is to submit all his theories again and again to the most critical reexamination" (Mises, 1966, 68)

Popper criticised what he called "conventionalism", that is adherence to a ruling theory (the paradigm) when it is under attack from a serious rival, using "conventionalist strategies" to "immunize" the paradigm from challenges. He was referring to some of the methods used by Newtonians to reject the challeng from Einstein. Other examples can be found in the defence of Freudian psychoanalysis and Marxism. Popper's critique of conventionalist strategies can be seen as a pre-emptive strike on Kuhn's normal science some decades before paradigm theory was invented! Four defensive strategies that Popper noted are the introduction of ad hoc explanations for failed predictions, modifying definitions, question the reliability of adverse evidence and in the last resort "cast doubt on the acumen of the theoretician." (Popper, 1972, 81).

Due to the overwhelming focus on Popper's controversial views on demarcation and induction that aspect of the book was neglected until Jarvie published *The Republic of Science* in 2001, almost a decade after Popper died. This volume made little difference because it fell practically stillborn from the press.

Popper advocated the social and institutional approach in *The Poverty of Historicism* where he rejected the psychological approach of Comte and Mill to explain human progress. They believed that progress in science and industry is an absolute trend based on the progressive tendency of the human mind but Popper noted that there are other tendencies of the human mind like forgetfulness, indolence and dogmatism.

> This immediately leads to the realization that a psychological propensity alone cannot be sufficient to explain progress, since conditions may be found on which it may depend. Thus we must, next, replace the theory of psychological propensities by something better; I suggest, by an *institutional* (and technological) analysis of the conditions of progress. (Popper 1961,154).

Hayek published *The Poverty of Historicism* in three parts in Economica in 1944 and 1945 but the book did not appear until 1957.

The social approach emerged again in Chapter 23 on "The Sociology of Knowledge" in *The Open Society* where Popper warned that the emerging sociology of knowledge and the push for central planning were twin dangers to be confronted after the war. He criticised Karl Mannheim's exposition of the Marxist doctrine that our beliefs are determined by class interest and the social and historical situation of our time. In defence of scientific objectivity Popper turned the sociology of knowledge on its head to argue that its focus on the origin of subjective beliefs did not engage with the proper object of inquiry, namely knowledge as a public or intersubjective product. Further, what we call objectivity in science depends on free trade in ideas and especially criticism in the scientific community.

> It may be said that what we call 'scientific objectivity' is not a product of the individual scientist's impartiality, but a product of the social or public character of scientific method; and the individual scientist's impartiality is, so far as it exists, not the source but rather the result

> of this socially or institutionally organized objectivity of science. (Popper 1996 220)

Hence scientific objectivity and best practice to promote the growth of knowledge are situational or institutional matters that require for such things as theoretical pluralism, clear formulation of the problems that the theories are supposed to solve, the design of critical experiments, and the existence of journals, seminars, and conferences to facilitate critical discussion. Some of these requirements have to be provided by individual scientists, especially new ideas and imaginative criticism while others call for institutions and conventions including free speech and arrangements to maintain the autonomy of schools, universities, publishing houses and research institutes.

He speculated on the conditions that could arrest scientific progress.

> By closing down or controlling laboratories for research, by suppressing or controlling scientific periodicals and other means of discussion, by suppressing scientific congresses and conferences, by suppressing Universities and other schools, by suppressing books, the printing press, writing, and, in the end, speaking. All these things which indeed might be suppressed (or controlled) are social institutions…Scientific method itself has social aspects. Science, and more especially scientific progress, are the results not of isolated efforts but of the free competition of thought. For science needs ever more competition between hypotheses and ever more rigorous tests. And the competing hypotheses need personal representation, as it were: they need advocates, they need a jury, and even a public. This personal representation must be institutionally organized if we wish to ensure that it works. (Popper 1961 154-5)

In his unpublished lectures in the 1950s he warned that Big Science funded by Big Government would create major problems with too much money chasing too few ideas, good ideas buried under the mass of literature and pressure on scientists to pursue funds for fashionable work or topics considered by politicians to be important.

Some fruits of Popper's institutional approach

Popper had other priorities and it was left to some of his followers to take up the challenge of institutional analysis, notably Ian Jarvie, Ernst Gombrich, Roger James, Tyrell Burgess, Paul Knepper and Gordon Tullock. Long before his work on *The Republic of Science* Jarvie published *Concepts and Society* (1972) where he used Popper's situational logic to explore some contemporary issues in sociology including the nuances of explanation and understanding, the current literature on the "teenager problem" (the mutual misunderstandings between generations) and the idea of social class. In "Rationality and Situational Analysis in Popper's Scientific Work" he showed how Popper exemplified the practice of situational analysis in relation to *intellectual* problems. He challenged the generally accepted view that Popper did not contribute to substantive problems in the social sciences by showing how Popper's signature ideas allied with situational analysis (of texts) produced at least nineteen important contributions in *The Poverty of Historicism* and *The Open Society and Its Enemies*. The signature ideas are methodological individualism, logic of the situation, unintended consequences and the rationality principle (Jarvie, 1999).

The art historian Ernst Gombrich (1909-2001) saw *The Open Society and Its Enemies* through the press in 1945. Later, for the *Library of Living Philosophers* Popper Volume he wrote "The Logic of Vanity Fair: Alternatives to Historicism in the Study of Fashions, Style and Taste" (Gombrich 1974). He applied situational analysis and the idea of games such as "watch me" to explain phenomena including the competition between French Gothic cathedrals (each taller than the last) and the spread of innovations, fads and fashions in architecture, clothing and music. It is interesting to speculate that the analysis of "rules of the game" and "forms of life" pursued by Wittgenstein and his followers could have yielded important results if they had addressed substantive social and political issues in a critical and imaginative manner. Consider the impact of Keynes on the convention of balancing budgets, the loss of the conventional meaning of the term *disinterested* and the decline of conventions regarding civility and tolerance.

Roger James identified what he called *solutioneering* in public policy-making in *Return to Reason: Popper's Thought in Public Life* (1980). Solutioneering can be described as the game of "watch me" applied to social policy. It means jumping to a solution before clearly defining the problem and examining alternative strategies if indeed there is a problem that calls for intervention. Then *implementing that solution* drives policy regardless

of the cost and the unintended consequences that might have been avoiding or minimised with appropriate planning and risk management.

Tyrell Burgess adopted Popper's approach in his work on education policy in Britain. He researched strategies to improve literacy and learning without trying to simultaneously fix all the things that "holistic" commentators regarded as the cause of problems in education: race, unemployment, inequality, poor housing, ill health, old school buildings, unsupportive parents. He called this approach "multiple digression analysis" and he suggested instead to find more effective teaching methods by testing and selecting the best among the various methods that are available (Burgess 1985).

Paul Knepper drew a comparison between the approach of the Austrians and Popper in his account of "situational crime prevention". This calls for analysis of the opportunities that criminals exploit followed by steps to reduce the opportunities and increase the costs. He cited Popper and Gary Becker as the inspiration for this approach and he referred to a substantial body of literature on the topic (Knepper 2017).

Tullock spent some time with Popper at Emory University in the early 1960s and he turned to explore the institutional aspects of science. He examined the personal and institutional aspects of research and publication to sketch a scenario for the decline of a scientific discipline, given a particular combination of motivational factors and institutional incentives. In *The Organization of Scientific Inquiry* he suggested that a self-perpetuating process could occur in a journal or a field of research dominated by "normal" or "uncritical scientists" so the work could "gradually slip away from reality in the direction of superficially impressive but actually easy research projects". The peer review process is designed to avert such a decline; however, if the reviewers are too closely associated with the authors, either personally or by membership of a school of thought, then the rigor of the process may suffer. At the end of that slippery slope is the situation where there is a widespread belief in the field that the function of the researcher is to support a "side" on some issue. Simply presenting a rationalization for some position chosen on other grounds may be acceptable as an objective of research, and the principal criterion in judging journals may become their points of view.

> The concern with reality that unites the sciences, then, may be absent in this area, and the whole thing may be reduced to a pseudo-science like genetics in Lysenko's Russia…these symptoms may be found in some of the social sciences. (Tullock,1965, 56)

When Tullock wrote the book in the 1960s he considered that the natural sciences were sound while parts of economics and the social sciences were well down the slope. In view of the concerns that are being expressed about the state of science at present, including climate science, it may be time to revisit Tullock's analysis to see how much we can learn from it.

5. Conclusion

It is not surprising to find that Hayek and Popper were aligned on a number of issues because they exchanged manuscripts from the time that Popper sought assistance to find a publisher for *The Open Society and Its Enemies*. The alignment was not complete because Popper insisted on the possible need for governments to intervene in the labour market and Hayek disliked Popper's language of social engineering. Birner examined their collaboration with special reference to the theory of mind, evolution and Hayek's theory of culture. He found it surprising that no systematic comparison had previously been made between them and he concluded that they had a profound influence on one another. (Birner, 2009)

Their shared position is not immediately apparent on the matter of rationality and it is easy to miss Popper's position on the social/institutional approach to science because it was stated so briefly and others did the work to demonstrate its fertility. The most outstanding and relevant contribution by Gordon Tullock is not cited in the Popper literature, not even by Popper himself, although they exchanged over a score of letters during the 1950s as Tullock attempted to persuaded Popper to engage with his ideas about physics!

The synergy of Popper and Austrian economics does not appear to be an idea whose time has come. This contribution may stimulate some interest. In view of the demography of the Popper school if the synergy is not picked up soon by a younger generation it may need to be rediscovered in future by antiquarians or even archaeologists.

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