

# THE BEST OF THE OLL #18

*Friedrich von Hayek, “Kinds of Order in  
Society” (1964)*

*“There exists in society orders of another kind which  
have not been designed by men but have resulted from  
the action of individuals without their intending to  
create such an order.”*



**Friedrich von Hayek (1899-1992)**

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## Editor's Introduction

Friedrich von Hayek (1899-1992) was one of the most important free market economists of the 20th century. He was a member of the "Austrian school of economics", taught at the London School of Economics, wrote extensively on banking and monetary theory, the socialist calculation debate, and the theory of spontaneous orders. He was instrumental in helping reinvigorate classical liberalism after the Second World War by helping to found the Mont Pelerin Society with Milton Friedman and others. Hayek won the Nobel Prize for Economics in 1974. Among his many important works are *The Road to Serfdom* (1944) his critique of government regulation during the Second World War, *The Constitution of Liberty* (1960) his vision of limited constitutional government, and the three volume *Law, Legislation, and Liberty* (1973-79) in which he develops his theory of spontaneous orders to encompass society as a whole. Hayek is now also famous for his then unheeded criticism of John Maynard Keynes during the 1930s.

One of the greatest contributions made by Hayek to social theory is his idea of 'spontaneous orders.' He distinguishes between the type of orders deliberately created by individuals to satisfy certain limited economic and social needs, such as the business firm, which he calls a "constructed" or "arranged" order or an organization; with other more complex types of orders which he terms "spontaneous" or "polycentric" orders. He describes the latter as "an order which, though it is the result of human action, has not been created by men deliberately arranging the elements in a preconceived pattern." Examples of such complex, undesigned orders include "language, morals, law, writing, or money" which were once thought to have been created by one wise person or "legislator" but which are now known to have evolved spontaneously over long periods of time. In the modern economy, the best example of such an order for Hayek is "the division of labor on which our economic system rests."

This very influential and important essay was published in 1964 in a graduate student run libertarian magazine at the University of Chicago, *The New Individualist Review*, edited by the historian Ralph Raico.

*"That division of labor on which our economic system rests is the best example of such a daily renewed order. In the order created by the market, the participants are constantly induced to respond to events of which they do not directly know, in a way which secures a continuous flow of production, a coordination of the quantities of the different things so that the even flow is not interrupted and everything is produced at least as cheaply as anybody can still provide the last quantities for which others are prepared to pay the costs. That it is an order which consists of the adaptation to the multitudinous circumstances which no single person can know completely is one reason why its existence is not perceived by simple inspection."*

## ***"Kinds of Order in Society" (1964)***<sup>1</sup>

WE CALL A MULTITUDE of men a society when their activities are mutually adjusted to one another. Men in society can successfully pursue their ends because they know what to expect from their fellows. Their relations, in other words, show a certain order. How such an order of the multifarious activities of millions of men is produced or can be achieved is the central problem of social theory and social policy. [1]

Sometimes the very existence of such an order is denied when it is asserted that society—or, more particularly, its economic activities—are “chaotic.” A complete absence of an order, however, cannot be seriously maintained. What presumably is meant by that complaint is that society is not as orderly as it should be. The orderliness of existing society may indeed be capable of great improvement; but the criticism is due mainly to the circumstance that both the order which exists and the manner in which it is formed are not readily perceived. The plain man will be aware of an order of social affairs only to the extent that such an order has been deliberately arranged; and he is inclined to blame the apparent absence of an order in much of what he sees on the fact that nobody has deliberately ordered those activities. Order, to the ordinary person, is the result of the ordering activity of an ordering mind. Much of the order of society of which we speak is, however, not of this kind; and the very recognition that there exists such an order requires a certain amount of reflection.

The chief difficulty is that the order of social events can generally not be perceived by our senses but can only be traced by our intellect. It is, as we shall say, an abstract and not a concrete order. It is also a very complex order. And it is an order which, though it is the result of human action, has not been created by men deliberately arranging the elements in a preconceived pattern. These peculiarities of the social order are closely connected, and it will be the task of this essay to make their interrelation clear. We shall see that, although there is no absolute necessity that a complex order must always be spontaneous and abstract, the more complex the order is at which we

aim, the more we shall have to rely on spontaneous forces to bring it about, and the more our power of control will be confined in consequence to the abstract features and not extend to the concrete manifestations of that order.[2]

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(The terms “concrete” and “abstract,” which we shall have to use frequently, are often used in a variety of meanings. It may be useful, therefore, to state here in which sense they will be used. As “concrete” we shall describe particular real objects given to observation by our senses, and regard as the distinguishing characteristic of such concrete objects that there are always still more properties of them to be discovered than we already know or have perceived. In comparison with any such determinate object, and the intuitive knowledge we can acquire of it, all images and concepts of it are abstract and possess a limited number of attributes. All thought is in this sense necessarily abstract, although there are degrees of abstractness and it is customary to describe the

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<sup>1</sup> *New Individualist Review*, editor-in-chief Ralph Raico, introduction by Milton Friedman (Indianapolis: Liberty Fund, 1981). Chapter: F. A. Hayek, Kinds of Order in Society. <[oll.libertyfund.org/title/2136/195376](http://oll.libertyfund.org/title/2136/195376)>.

relatively less abstract in contrast to the more abstract as (relatively) concrete. Strictly speaking, however, the contrast between the concrete and the abstract, as we shall use it, is the same as that between a fact of which we always know only abstract attributes but can always discover still more such attributes, and all those images, conceptions, and concepts which we retain when we no longer contemplate the particular object.[3]

The distinction between an abstract and a (relatively) concrete order is, of course, the same as that between a concept with a small connotation (intention) and a consequently wide denotation on the one hand, and a concept with a rich connotation and a correspondingly narrow denotation on the other. An abstract order of a certain kind may comprise many different manifestations of that order. The distinction becomes particularly important in the case of complex orders based on a hierarchy of ordering relations where several such orders may agree with respect to their more general ordering principles but differ in others. What is significant in the present context is that it may be important that an order possesses certain abstract features irrespective of its concrete manifestations, and that we may have it in our power to bring it about that an order which spontaneously forms itself will have those desirable characteristics, but not to determine the concrete manifestations or the position of the individual elements.)

THE SIMPLE CONCEPTION of an order of the kind which results when somebody puts the parts of an intended whole in their appropriate places applies in many parts of society. Such an order which is achieved by *arranging* the relations between the parts according to a preconceived plan we call in the social field an *organization*. The extent to which the power of many men can be increased by such deliberate co-ordination of their efforts is well-known and many of the achievements of man rest on the use of this technique. It is an order which we all understand because we know how it is made. But it is not the only nor even the chief kind of order on which the working of society rests; nor can the whole of the order of society be produced in this manner.

The *discovery* that there exist in society orders of another kind which have not been designed by men but have resulted from the action of individuals without their intending to create such an order, is the achievement of social theory—or, rather, it was this

discovery which has shown that there was an object for social theory. It shook the deeply-ingrained belief of men that where there was an order there must also have been a personal orderer. It had consequences far beyond the field of social theory since it provided the conceptions which made possible a theoretical explanation of the structures of biological phenomena. [4] And in the social field it provided the foundation for a systematic argument for individual liberty.

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This kind of order which is characteristic not only of biological organisms (to which the originally much wider meaning of the term organism is now usually confined), is an order which is not made by anybody but which forms itself.

It is for this reason usually called a “spontaneous” or sometimes (for reasons we shall yet explain) a “polycentric” order. If we understand the forces which determine such an order, we can use them by creating the conditions under which such an order will form itself.

This indirect method of bringing about an order has the advantage that it can be used to produce orders which are far more complex than any order we can produce by putting the individual pieces in their appropriate places. But it has the drawback that it enables us to determine only the general character of the resulting order and not its detail. Its use in one sense thus extends our powers: it places us in a position to produce very complex orders which we could never produce by putting the individual elements in their places. Our power over the particular arrangement of

the elements in such an order is however much more limited than it is over an order which we produce by individually arranging the parts. All we can control are certain abstract features of such an order, but not its concrete detail.

All this is familiar in the physical and biological field. We could never produce a crystal by directly placing the individual molecules from which it is built up. But we can create the conditions under which such a crystal will form itself. If for that purpose we make use of known forces, we can, however, not determine the position an individual molecule will occupy within a crystal, or even the size or position of the several crystals. Similarly, we can create the conditions under which a biological organism will grow and develop. But all we can do is create conditions favorable to that growth, and we are able to determine the resulting shape and structure only within narrow limits. The same applies to spontaneous social orders.

IN THE CASE OF certain social phenomena, such as language, the fact that they possess an order which nobody has deliberately designed and which we have to discover, is now generally recognized. In these fields we have at last outgrown the naive belief that every orderly arrangement of parts which assist man in the pursuit of his ends must be due to a personal maker. There was a time when it was believed that all those useful institutions which serve the intercourse of men, such as language, morals, law, writing, or money, must be due to an individual inventor or legislator, or to an explicit agreement of wise men who consented to certain useful practices.[5] We understand now the process by which such institutions have gradually taken shape through men learning to act according to certain rules—rules which they long knew how to follow before there was any need to state them in words.

But if in those simpler instances we have overcome the belief that, wherever we find an order or a regular structure which serves a human purpose, there must also have been a mind which deliberately created it, the reluctance to recognize the existence of such spontaneous orders is still with us in many other fields. We still cling to a division, deeply embedded in Western thought since the classical antiquity, between things which owe their order to “nature” and those which owe it to “convention.”[6] It still seems strange and unbelievable to many people that an order may arise neither wholly independent of human action, nor

as the intended result of such action, but as the unforeseen effect of conduct which men have adopted with no such end in mind. Yet much of what we call culture is just such a spontaneously grown order which arose neither altogether independently of human action nor by design, but by a process which stands somewhere between these two possibilities which were long considered as exclusive alternatives.

Such spontaneous orders we find not only in the working of institutions like language or law (or, more conspicuously, the biological organisms) which show a recognizable permanent structure that is the result of slow evolution, but also in the relations of the market which must continuously form and reform themselves and where only the conditions conducive to their constant reconstitution have been shaped by evolution. The genetic and the functional aspects can never be fully separated.[7]

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That division of labor on which our economic system rests is the best example of such a daily renewed order. In the order created by the market, the participants are constantly induced to respond to events of which they do not directly know, in a way which secures a continuous flow of production, a coordination of the quantities of the different things so that the even flow is not interrupted and everything is produced at least as cheaply as anybody can still provide the last quantities for which others are prepared to pay the costs. That it is an order which consists of the adaptation to the multitudinous circumstances which no single person can know

completely is one reason why its existence is not perceived by simple inspection. It is embodied in such relations as those between prices and costs of commodities and the corresponding distribution of resources; and we can confirm that such an order in fact exists only after we have reconstructed its principles in our minds.

***“the spontaneous orders which form themselves in the biological and social sphere ... are composed of many different elements which will respond to the same circumstances alike in some respects but not in others. But they will form orderly wholes, because each element responds to its particular environment in accordance with definite rules. The order results thus from the separate responses of the different elements to the particular circumstances which act on them and for this reason we describe it as a ‘polycentric order’.”***

THE “ORDERING FORCES” of which we can make use in such instances are the rules governing the behavior of the elements of which the orders are formed. They determine that each element will respond to the particular circumstances which act on it in a manner which will result in an overall pattern. Each of the iron filings, for instance, which are magnetized by a magnet under the sheet of paper on which we have poured them, will so act on and react to all the others that they will arrange themselves in a characteristic figure of which we can predict the general shape but not the detail. In this simple instance the elements are all of the same kind and the known uniform rules which determine their behavior would enable us to predict the behavior of each in great detail

if we only knew all the facts and were able to deal with them in all their complexity.

Some order of a determinate general character may form itself also from various kinds of different elements, i.e., of elements whose response to given circumstances will be alike only in some but not in all respects. The formation of the molecules of highly complex organic compounds provides an example from the physical sciences. But the fact is especially significant for many of the spontaneous orders which form themselves in the biological and social sphere. They are composed of many different elements which will respond to the same circumstances alike in some respects but not in others. But they will form orderly wholes, because each element responds to its particular environment in accordance with definite rules. The order results thus from the separate responses of the different elements to the particular circumstances which act on them and for this reason we describe it as a “polycentric order.”[8]

The physical examples of spontaneous orders we have considered are instructive because they show that the rules which the elements follow need of course not be “known” to them. The same is true more often than not where living beings and particularly men are the elements of such an order. Man does not know most of the rules on which he acts;[9] and even what we call his intelligence is largely a system of rules which operate on him but which he does not know. In animal societies and in a great measure in primitive human society, the structure of social life is determined by rules of action which manifest themselves only in their being obeyed. It is only when individual intellects begin to differ sufficiently (or individual minds become more complex) that it becomes necessary to express the rules in communicable form so that they can be taught by example and deviant behavior can be corrected and differences of view expressed about what is to be decided.[10] Though man never existed without laws which he obeyed, he did exist for millennia without laws which he knew in the sense that he was able to articulate them.

Where the elements of the social order are individual men, the particular circumstances to which each of them reacts are those which are known to him. But it is only when the responses of the individuals show a certain similarity, or obey some common rules that this will result in an overall order. Even a limited similarity of their responses—common rules which

determine only some aspects of their behavior— suffice, however, for the formation of an order of a general kind. The important fact is that this order will be an adaptation to a multitude of circumstances which are known only to the individual members but not as a totality to any one of them; and that such an order will result only because, and in so far as, the different individuals follow similar rules in these responses to the particular circumstances known to them. This does not mean, nor is it necessary for the production of an order, that in similar circumstances different persons will do precisely the same thing. All that is meant and required is that in some respect they follow the same rule, that their responses are similar in some degree, or that they are limited to a certain range of actions which all have some attributes in common. This is true even of the iron filings in our former illustration which may not all move with the same speed because they will be different in shape, smoothness, or weight. Such differences will determine the particular manifestation of the resulting pattern which, in consequence of our ignorance of these particulars, will be unpredictable; but the general character of the pattern will be unaffected by them and will therefore be predictable.

Similarly, the responses of the human individuals to events in their environment need be similar only in certain abstract aspects in order that a definite overall pattern should result. There must be some regularity but not complete regularity in their actions: they must follow some common rules, but these common rules need not be sufficient to determine their action fully; and what action a particular individual will take will depend on further characteristics peculiar to him.

The question which is of central importance both for social theory and social policy is what rules the individuals must follow so that an order will result. Some such common rules the individuals will follow merely because of the similarity of their environment, or, rather, because of the similar manner in which this environment reflects itself in their minds. Others they will all follow spontaneously because they are part of the common cultural tradition of their society. But there are still others which it is necessary that they be made to obey, since it would be in the interest of each individual to disregard them, though the overall order will be formed only if the rule is generally obeyed.

The chief regularity in the conduct of individuals in a society based on division of labor and exchange

follows from their common situation: they all work to earn an income. This means that they will normally prefer a larger income for a given effort—and possibly increase their effort if its productivity increases. This is a rule which is sufficiently generally followed in fact for those who follow it to impress upon society an order of a certain kind. But the fact that most people follow this rule in their actions leaves the character of the resulting order yet very indeterminate, and it certainly does not by itself insure that this order will be of a beneficent character. For this it is necessary that people also obey certain conventional rules, i.e., rules which do not follow simply from the nature of their knowledge and aims but which have become habitual in their society. The common rules of morals and of law are the chief instance of this.

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It is not our task here to analyze the relation between the different kinds of rules which people in fact follow and the order which results from this. We are interested only in one particular class of rules which contribute to the nature of the order and which, because we can deliberately shape them, are the chief tool through which we can influence the general character of the order which will form itself: the rules of law.

These rules differ from the others which individuals follow chiefly by the circumstances that people are made to obey them by their fellows. They

are necessary because only if the individuals know what means are at their respective disposals, and are made to bear the consequences of their use of these means, will the resulting order possess certain desirable attributes. The appropriate delimitation of these individual spheres is the main function of the rules of law, and their desirable content one of the chief problems of social policy. This is not altered by the fact that their desirable form has been found largely by the accumulated experience of ages and that their further improvement is also to be expected more from slow experimental piecemeal evolution than from redesign of the whole.

THOUGH THE CONDUCT of the individuals which produces the social order is guided in part by deliberately enforced rules, the order is still a spontaneous order, corresponding to an organism rather than to an organization. It does not rest on the activities being fitted together according to a preconceived plan, but on their being adjusted to each other through the confinement of the action of each by certain general rules. And the enforcement of these general rules insures only the general character of the order and not its concrete realization. It also provides only general facilities which unknown individuals may use for their own ends, but does not insure the achievement of any particular results.

In order to enforce the rules required for the formation of this spontaneous order, an order of the other kind, an organization, is also required. Even if the rules themselves were given once and for all, their enforcement would demand the coordinated effort of many men. The task of changing and improving the rules may also, though it need not, be the object of organized effort. And in so far as the state, in addition to upholding the law, renders other services to the citizens, this also requires an organized apparatus.

The organization of the apparatus of government is also effected in some measure by means of rules. But these rules which serve the creation and direction of an organization are of a different character from those which make possible the formation of a spontaneous order. They are rules which apply only to particular people selected by government; and they have to be followed by them in most instances (i.e., except in the case of judges) in the pursuit of particular ends also determined by government.

Even where the type of order chosen is that of organization and not a spontaneous order, the organizer must largely rely on rules rather than specific commands to the members of the organization. This is due to the fundamental problem which all complex order encounters: the organizer wants the individuals who are to cooperate to make use of knowledge which he himself does not possess. In none but the most simple kinds of social order it is conceivable that all activities are governed by a single mind. And certainly nobody has yet succeeded in deliberately arranging all the activities of a complex society; there is no such thing as a fully planned society of any degree of complexity. If anyone did succeed in organizing such a society, it would not make use of many minds but would instead be altogether dependent on one mind; it would certainly not be complex but very primitive—and so would soon be the mind whose knowledge and will determined everything. The facts which enter into the design of such an order could be only those which could be perceived and digested by this mind; and as only he could decide on action and thus gain experience, there could not be that interplay of many minds in which a lone mind can grow.

***“Rules which are to enable individuals to find their own places in a spontaneous order of the whole society must be general; they must not assign to particular individuals a status, but rather leave the individual to create his own position.”***

The kind of rules which govern an organization are rules for the performance of assigned tasks. They presuppose that the place of each individual in a fixed skeleton order is decided by deliberate appointment, and that the rules which apply to him depend on the place he has been given in that order. The rules thus regulate only the detail of the action of appointed functionaries or agencies of government—or the functioning of an organization created by arrangement.

Rules which are to enable individuals to find their own places in a spontaneous order of the whole society

must be general; they must not assign to particular individuals a status, but rather leave the individual to create his own position. The rules which assist in the running of an organization, on the other hand, operate only within a framework of specific commands which designate the particular ends which the organization aims at and the particular functions which the several members are to perform. Though applicable only to particular, individually designated people, these rules of an organization look very much like the general rules underlying a spontaneous order, but they must not be confused with the latter. They enable those who have to carry out commands to fill in detail according to circumstances which they, but not the author of the command, know.

***“because it was not dependent on organization but grew as a spontaneous order, the structure of modern society has attained a degree of complexity which far exceeds that which it is possible to achieve by deliberate organization. Even the rules which made the growth of this complex order possible were not designed in anticipation of that result; but those peoples who happened to adopt suitable rules developed a complex civilization which prevailed over others.”***

In the terms we have used, this means that the general rules of law aim at an abstract order whose concrete or particular manifestation is unpredictable; while both the commands and the rules which enable those who obey commands to fill in the detail left open by the command, serve a concrete order or an organization. The more complex the order aimed at, the greater will be the part of the circumstances determining its concrete manifestation which cannot be known to those whose concern it is to secure the formation of the order, and the more they will be able

to control it only through rules and not through commands. In the most complex type of organizations little more than the assignment of particular functions to particular people will be determined by specific decisions, while the performance of these functions will be regulated only by rules. It is when we pass from the biggest organization, serving particular tasks, to the order of the whole of society which comprises the relations between those organizations as well as the relations between them and the individuals and among the individuals, that this overall order relies entirely on rules, i.e., is entirely of a spontaneous character, with not even its skeleton determined by commands. The situation is, of course, that, because it was not dependent on organization but grew as a spontaneous order, the structure of modern society has attained a degree of complexity which far exceeds that which it is possible to achieve by deliberate organization. Even the rules which made the growth of this complex order possible were not designed in anticipation of that result; but those peoples who happened to adopt suitable rules developed a complex civilization which prevailed over others. It is thus a paradox, based on a complete misunderstanding of these connections, when it is sometimes contended that we must deliberately plan modern society because it has grown so complex. The fact is rather that we can preserve an order of such complexity only if we control it not by the method of “planning,” i.e., by direct orders, but on the contrary aim at the formation of a spontaneous order based on general rules.

We shall presently have to consider how in such a complex system the different principles of order must be combined. At this stage it is necessary, however, at once to forestall a misunderstanding and to stress that there is one way in which it can never be sensible to mix the two principles. While in an organization it makes sense, and indeed will be the rule, to determine the skeleton by specific command and regulate the detail of the action of the different members only by rules, the reverse could never serve a rational purpose; if the overall character of an order is of the spontaneous kind, we cannot improve upon it by issuing to the elements of that order direct commands: because only these individuals and no central authority will know the circumstances which make them do what they do.

EVERY SOCIETY of any degree of complexity must make use of both ordering principles which we have discussed. But while they must be combined by being applied to different tasks and to the sectors of society corresponding to them, they cannot successfully be mixed in any manner we like. Lack of understanding of the difference between the two principles constantly leads to such confusion. It is the manner in which the two principles are combined which determines the character of the different social and economic systems. (The fact that these different “systems” which result from different combinations of the two ordering principles, are sometimes also referred to as different “orders” has added to the terminological confusion.)

We shall consider further only a free system which relies on spontaneous ordering forces not merely (as every system must) to fill in the interstices left by the commands determining its aim and structure, but also for its overall order. Such systems not only have many organizations (in particular, firms) as their elements but also require an organization to enforce obedience to (and modify and develop) the body of abstract rules which are required to secure the formation of the spontaneous overall order. The fact that government is itself an organization and employs rules as an instrument of its organization, and that beyond its task of enforcing the law this organization renders a multitude of other services, has led to a complete confusion between the nature of the different kinds of rules and the orders which they serve.

The abstract and general rules of law in the narrow sense (in which “the law” comprises the rules of civil and criminal law) aim not at the creation of an order by arrangement but at creating the conditions in which an order will form itself. But the conception of law as a means of order-creation (a term which, as a translation of the equally ambiguous German *Ordnungsgestaltung*, is now invading Anglo-American jurisprudence[11]) in the hands of public lawyers and civil servants who are primarily concerned with tasks of organization rather than with the conditions of the formation of a spontaneous order, is increasingly interpreted as meaning an instrument of arrangement. This conception of law, which is the conception prevailing in totalitarian states, has characteristically been given its clearest expression by the legal theorist who became Hitler’s chief legal apologist, as “concrete order formation” (*konkretes Ordnungsdenken*).[12] This

kind of law aims at creating a concrete preconceived order by putting each individual on a task assigned by authority.

But though this technique of creating an order is indispensable for organizing the institutions of government and all the enterprises and households which form the elements of the order of society as a whole, it is wholly inadequate for bringing about the infinitely more complex overall order.

***“We have it in our power to assure that such an overall order will form itself and will possess certain desirable general characteristics, but only if we do not attempt to control the detail of that order.”***

We have it in our power to assure that such an overall order will form itself and will possess certain desirable general characteristics, but only if we do not attempt to control the detail of that order. But we jettison that power and deprive ourselves of the possibility of achieving that abstract order of the whole, if we insist on placing particular pieces into the place we wish them to occupy. It is the condition of the formation of this abstract order that we leave the concrete and particular details to the separate individuals and bind them only by general and abstract rules. If we do not provide this condition but restrict the capacity of the individuals to adjust themselves to the particular circumstances known only to them, we destroy the forces making for a spontaneous overall order and are forced to replace them by deliberate arrangement which, though it gives us greater control over detail, restricts the range over which we can hope to achieve a coherent order.

IT IS NOT IRRELEVANT to our chief purpose if in conclusion we consider briefly the role which abstract rules play in the coordination not only of the actions of many different persons but also in the mutual adjustment of the successive decisions of a single individual or organization. Here, too, it is often not possible to make detailed plans for action in the more distant future (although what we should do now

depends on what we shall want to do in the future), simply because we do not yet know the particular facts which we shall face. The method through which we nevertheless succeed in giving some coherence to our actions is that we adopt a framework of rules for guidance which makes the general pattern though not the detail of our life predictable. It is these rules of which we are often not consciously aware—in many instances rules of a very abstract character—which make the course of our lives orderly. Many of these rules will be “customs” of the social group in which we have grown up and only some will be individual “habits” which we have accidentally or deliberately acquired. But they all serve to abbreviate the list of circumstances which we need to take into account in the particular instances, singling out certain classes of facts as alone determining the general kind of action which we should take. At the same time, this means that we systematically disregard certain facts which we know and which would be relevant to our decisions if we knew all such facts, but which it is rational to neglect because they are accidental partial information which does not alter the probability that, if we could know and digest all the facts, the balance of advantage would be in favor of following the rule.

It is, in other words, our restricted horizon of knowledge of the concrete facts which makes it necessary to coordinate our actions by submitting to abstract rules rather than to attempt to decide each particular case solely in view of the limited set of relevant particular facts which we happen to know. It may sound paradoxical that rationality should thus require that we deliberately disregard knowledge which we possess; but this is part of the necessity of coming to terms with our unalterable ignorance of much that would be relevant if we knew it. Where we know that the probability is that the unfavorable effects of a kind of action will overbalance the favorable ones, the decision should not be affected by the circumstance that in the particular case a few consequences which we happen to be able to foresee should all be favorable. The fact is that in an apparent striving after rationality in the sense of fuller taking into account all the foreseeable consequences, we may achieve greater irrationality, less effective taking into account of remote effects and an altogether less coherent result. It is the great lesson which science has taught us that we must resort to the abstract where we cannot master the concrete. The preference for the concrete is to

renounce the power which thought gives us. It is therefore also not really surprising that the consequence of modern democratic legislation which disdains submitting to general rules and attempts to solve each problem as it comes on its specific merits, is probably the most irrational and disorderly arrangement of affairs ever produced by the deliberate decisions of men.

***“The preference for the concrete is to renounce the power which thought gives us. It is therefore also not really surprising that the consequence of modern democratic legislation which disdains submitting to general rules and attempts to solve each problem as it comes on its specific merits, is probably the most irrational and disorderly arrangement of affairs ever produced by the deliberate decisions of men.”***

## Notes

[1] The concept of order has recently achieved a central position in the social sciences largely through the work of Walter Eucken and his friends and pupils, known as the Ordo-circle from the yearbook *Ordo* issued by them. For other instances of its use, see: J. J. Spengler, “The Problem of Order in Economic Affairs,” *Southern Economic Journal*, July, 1948, reprinted in J. J. Spengler and W. R. Allen, eds., *Essays on Economic Thought* (Chicago: Rand McNally, 1960); H. Barth, *Die Idee der Ordnung* (Zurich: E. Rentsch, 1958); R. Meimberg, *Alternativen der Ordnung* (Berlin: Duncker & Humblot, 1956); and, more remotely relevant as a treatment of some of the philosophical problems involved, W. D. Oliver, *Theory of Order* (Yellow Springs, Ohio: Antioch Press, 1951).

[2] For a more extensive treatment of the problem of the scientific treatment of complex phenomena, see my essay, "The Theory of Complex Phenomena," in Mario A. Bunge, ed.; *The Critical Approach: Essays in Honor of Karl Popper* (New York: The Free Press of Glencoe, Inc., 1963).

[3] For a helpful survey of the abstract/concrete relation and especially its significance in jurisprudence, see K. Englisch, *Die Idee der Konkretisierung in Rechtswissenschaft unserer Zeit* (Heidelberg: Abhandlungen der Heidelberger Akademie der Wissenschaften, Phil.-Hist. Klasse, I, 1953).

[4] All three independent discoverers of biological evolution, Darwin, Wallace, and Spencer, admittedly derived their ideas from the current concepts of social evolution.

[5] Cf., e.g., the examples given by Denys Hay, *Polydore Vergil* (Oxford: Clarendon Press, 1952), ch. 3.

[6] Cf. F. Heinemann, *Nomos und Physis* (Basel: F. Reinhardt, 1945).

[7] On the inseparability of the genetic and the functional aspects of these phenomena as well as the general relation between organisms and organizations, see Carl Menger, *Untersuchungen über die Methode der Sozialwissenschaften und der politischen Oekonomie insbesondere* (Leipzig: Duncker & Humblot, 1883), which is still the classical treatment of these topics.

[8] Cf. Michael Polanyi, *The Logic of Liberty* (London: Routledge and Kegan Paul, 1951), p. 159.

[9] On the whole issue of the relation of unconscious rules to human action, on which I can touch here only briefly, see my essay, "Rules, Perception, and Intelligibility," *Proceedings of the British Academy*, v. 48 (1962-63).

[10] There thus seems to be some truth in the alleged original state of goodness in which everybody spontaneously did right and could not do otherwise, and to the idea that only with increased knowledge came wrongdoing. It is only with the knowledge of other possibilities that the individual becomes able to deviate from the established rules; without such knowledge, no sin.

[11] Cf., e.g., E. Bodenheimer, *Jurisprudence, the Philosophy and Method of Law* (Cambridge: Harvard University Press, 1962), p. 211.

[12] See Carl Schmitt, *Die drei Arten des rechtswissenschaftlichen Denkens* (Hamburg: Schriften für Akademie für deutsches Recht, 1934).

## Further Information

### SOURCE

The edition used for this extract: *New Individualist Review*, editor-in-chief Ralph Raico, introduction by Milton Friedman (Indianapolis: Liberty Fund, 1981). Chapter: F. A. Hayek, Kinds of Order in Society. <oll.libertyfund.org/title/2136/195376>.

### FURTHER READING

Other works by F.A. Hayek (1899-1992) <oll.libertyfund.org/person/52>

School of Thought: Austrian School of Economics <oll.libertyfund.org/collection/8>

***“The distinctive principle of Western social philosophy is individualism. It aims at the creation of a sphere in which the individual is free to think, to choose, and to act without being restrained by the interference of the social apparatus of coercion and oppression, the State.”***  
***[Ludwig von Mises, “Liberty and Property” (1958)]***



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Another useful sampling of the contents of the OLL website is the collection of weekly *Quotations about Liberty and Power* which are organized by themes such as Free Trade, Money and Banking, Natural Rights, and so on. See for example, Richard Cobden’s “I have a dream” speech <oll.libertyfund.org/quote/326>.

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