

Michael Polanyi and Spontaneous Order, 1941-1951

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Polanyi's theory of spontaneous order is set in historical context, analyzed, and compared to Friedrich Hayek's version.

Spontaneous social order, the subject of extensive scholarly discussion in recent times,¹ is generally considered to have been named by Friedrich Hayek. Ross has representatively written in this regard: “The term *spontaneous order* appears to have been coined by F. A. Hayek in *The Constitution of Liberty* (1960), though he made use of the concept in earlier discussions of economic phenomena.”² Similarly, Hamowy found Hayek first using the *notion* in an economic context, in “The Use of Knowledge in Society” (1945), and then coining the name “spontaneous order” in *The Constitution of Liberty*.³ A related suggestion is that Hayek was responsible for resurrecting the idea itself this century, Roche having written that “One of Hayek’s greatest discoveries and the keystone of his entire work on law and economics is the concept of ‘spontaneous order.’”⁴

The present paper is a contribution to the historiography of spontaneous social order, dealing with the relatively neglected writings on such order of Michael Polanyi.⁵ The paper intensively investigates Polanyi’s pertinent writings from 1941 to 1951, the decade in which he formed his understanding of spontaneous order and dealt with the topic most thoroughly.⁶ These works will be studied in a mainly chronological sequence, leading to a comparison of his use of the idea of spontaneous order with that of Hayek.

Were such authors as Ross and Hamowy correct in their priority claim about Hayek’s terminology? Ironically, the very documentation furnished by Hamowy implied that a thinker other than Hayek had originated the expression and previously examined the object - Polanyi. Hayek’s essay of 1945, “The Use of Knowledge in Society,” spoke of the “price system” as having emerged “spontaneously”,⁷ which some readers might say insinuated the idea of spontaneous order, but the essay neither explicitly describes nor analyzes the object. *The Constitution of Liberty* marks the first appearance of “spontaneous order” in a work of Hayek, although its role is minor, being used on only two pages, one of them reproducing a passage from Polanyi’s *The Logic of Liberty*.

This work of Polanyi, an essay-collection published in 1951, predated Hayek’s *The Constitution of Liberty* by almost a decade and, indeed, several of the essays had been published in journals well before 1951. While Hamowy observed that “Polanyi discusses the relation between individual liberty and spontaneously attained social order in “Manageability and Social Tasks,” in *The Logic of Liberty ...*(1951)”,⁸ curiously he never noticed that Polanyi had coined the name “spontaneous order” and explicitly theorized on the subject long before Hayek. Another commentator who referred to Polanyi in the context of explicating Hayek was John Gray, writing of “the history and theory of science ...where the idea of spontaneous order was (as Hayek acknowledges) ...put to work by Michael Polanyi.”⁹ (Gray explained that he had learned of Polanyi’s contribution to the topic in a “Personal communication” from Hayek.¹⁰) But Gray was non-committal on whether Hayek, Polanyi, or some other figure originally named such order, and he

suggested that, unlike Hayek, Polanyi only worked with the idea of spontaneous order in respect to science.¹¹

There is indirect evidence of Polanyi as the source of Hayek's idea of spontaneous social order. Not only did Polanyi identify and systematically discuss the phenomenon years before Hayek; they were also acquaintances, conversant with each other's work from the 1930s, both men, for example, having participated in a symposium in Paris in 1938 to discuss Walter Lippmann's lately published, *The Good Society*.¹² An important article by Polanyi on social order appeared in the journal *Economica* in 1941 when Hayek was its editor.¹³ Polanyi was among the 36 participants at the inaugural meeting of The Mount Pelerin Society in 1947, organized by Hayek. Polanyi had stints as a visiting professor at the University of Chicago from 1950, the year in which Hayek was appointed to a professorship there.¹⁴ Hayek in a general acknowledgement in *The Constitution of Liberty* listed Polanyi among his intellectual benefactors whose name would have appeared more often "If" as he put it "I had regarded it as my task to acknowledge all indebtedness and to notice all agreement."¹⁵

"The Growth of Thought in Society": Dynamic Order

"The Growth of Thought in Society", published in 1941, stands out as Polanyi's seminal study on the present topic.¹⁶ The essay was conceived with a view to getting beneath the surface characteristics of free and totalitarian societies to explain their substantial differences. More immediately, Polanyi was answering the movement in Britain against pure science which had been nurtured, and was propagating ideas expressed, by Nikolai Bukharin, Boris Hessen, and other Soviet delegates to the International Congress of the History of Science of 1931 in London. The movement, led by Lancelot Hogben, J.D. Bernal, and J.G. Crowther, was animated by three main concerns. Denying the distinction between pure and applied science, it indicated that research often is, and always should be, undertaken in response to practical social needs. The case was put to scientists that they join the fight for a form of government that would direct scientific research to that purpose and away from the delusory "disinterested search for truth."¹⁷ Scientists were to cease claiming intellectual freedom for themselves as inquirers, and accept once and for all that research has to be controlled for the benefit of society.

Seeing in these ideas a fateful misunderstanding, Polanyi responded by basing his constructive doctrine on a multiform theory of truth, according to which pure science is but one of several different ideals of truth in society. He determined to investigate the kind of social structure best fitted to serve these ideals and to support the "intellectual and moral order of society" (G 429). His first and basic step involved contrasting two ways in which orders arise in nature and society, two "methods of achieving" ordered arrangements (G 433). On a couple of pages of "The Growth of Thought in Society", Polanyi applied "spontaneous" and cognates to one of these modes, writing variously of "spontaneous ordering", "spontaneously arising order", "spontaneously attained order", and "spontaneous mutual adjustment" (G 432, 435). In this particular essay, however, he never used the locution "spontaneous order" as such, preferring the terms "dynamic order", "dynamic system", and "dynamic forms of organization" (G 435ff.). Polanyi represented "dynamic order" as grounded on freedom and spontaneously emerging from mutual adjustment of free actions. Illustrative cases of this order included water in a jug, "perception of Gestalt", "evolution of the embryo from the fertilised cell", and "the entire evolution of species [which] is commonly thought to have resulted from a continued process of internal equilibration in living matter, under varying outside circumstances" (G 432-33). Of the ordering of individual particles of liquid in a container, Polanyi explained:

no constraint is applied specifically to the individual particles; the forces from outside, like the resistance of the vessels and the forces of gravitation, take effect in an entirely indiscriminate fashion. The particles are thus free to obey the internal forces acting between them, and the resultant order represents the equilibrium between all the internal and external forces (G 431).

The other mode in which order arises Polanyi described as “planned order”, involving the exercise of authority over members of a group. Each element in a planned order is assigned a particular position and deprived of freedom “to stay or move about at ...pleasure” (G 431). Among examples cited by Polanyi were formal gardens, machines, and a company of soldiers on parade.¹⁸

It was not Polanyi’s purpose to make a case for one of these kinds of orders being superior to the other in an absolute sense. Each has its rightful place and proper function. The advantage of planning is in its typically being the more efficient approach to ordering a small group of units, whereas units in large numbers admit only of being ordered spontaneously. They are “alternative and opposite” ways of arriving at order; one severely curtailing freedom as the other relies on freedom. Having different functions, Polanyi expected the methods would seldom compete “with each other” (G 433). He envisaged them combining in the way that is typical of “mutually exclusive elements”, one occupying “gaps left over by the other.”¹⁹

As befitted the purpose of his paper, Polanyi had more to say about dynamic orders than about the other sort, dynamic ones being less obvious than planned and having been neglected by social analysts. Being interested in dynamic orders in society and culture, rather than in nature, Polanyi first looked at the competitive economy, paying particular attention to mutual adjustments among producers. Their aim is to enhance profits on the sale of their resources and to acquire the resources of rival producers, employing these more profitably. Each decision by a producer alters his demand “on the market of resources” as well as what he offers to consumers, affecting prices of “resources and consumers’ goods” and triggering adjustments by other producers. These he referred to as “the ‘internal forces’ through which individual producers interact”, the tendency of successive mutual interactions being for producers to use resources “to the greatest satisfaction of the consumers” (G 436).

Then Polanyi turned to common law as a dynamic order “in the intellectual and moral heritage of man” (G 436). A judge deliberating on a case is indirectly in contact with many predecessors, consciously and unconsciously referring to their decisions, along with “statute, precedent, equity and convenience” and the general drift of social opinion. The judge aims at a decision possessing “the force of conviction”, reached after the various legal and social “bearings” of the case (precedent and the rest) have been assessed “in the light of his own professional conscience” (G 436). The convinced decision, adding to the body of law, is the judge’s “interpretation of the Law as it stood before”, a further light on it. At the same time, “Public opinion also has received a new response and a new stimulus”, and future judges are set “new directions for their ...decisions.” Common or case law, Polanyi explained, “arises by a process of direct adjustments between succeeding judges”, one judge’s decision referring to and modifying past judicial decisions, analogously to “consecutive decisions of individual producers acting in the same market” (G 436).

The dynamic order of greatest interest to Polanyi was science, with knowledge claims expressed by past and present scientists in textbooks, journals and public discussions conditioning, and being affected by, recent discoveries. Underlying scientists’ judgments and results are traditional methods and standards (reliability and precision), subject to personal interpretation. Making use of current knowledge as a resource, the scientist was seen

as resembling “a judge referring to a precedent.” But, Polanyi indicated, in personally selecting “a problem to” test his ability (unlike the judge who is *presented* with a problem case to decide), and later in trying to convince colleagues to accept a discovery, the scientist behaves more like a “business man, first seeking the most profitable application of his resources and then soliciting the consumers’ approval for his goods.” The dynamic orders of business and common law are consequences of different “methods of adjustment (‘internal forces’).” Judges adjust to one another’s decisions by means of *consultation*, *competition* forces business adjustments, while scientists adjust through competition and consultation together (G 437).

Polanyi characterized science as predominantly a “cognitive” dynamic order, law a “mainly normative” one, with other dynamic orders of culture - “language, writing, literature ..., pictorial and musical [art]; ...medicine, agriculture, manufacture” - involving both these characters.²⁰ “In each field” generations pass on “a public mental heritage.” Through consultation, competition, or a combination of the two, new participants adjust to achievements in their sector. “Then, when they suggest their own additions or reforms, they return to the public and claim publicly that these be accepted by society - to become in their turn a part of the common heritage” (G 438).

Did Polanyi’s idea have a traceable source? Whereas Hayek is seen as having derived his concept of spontaneous order from Scottish Enlightenment figures (the contribution of Polanyi, as we noted, having been almost entirely overlooked by Hayek scholars), Polanyi’s writing gives no reason to think the Scottish thinkers were an influence on him.²¹

Gestalt psychologist, Wolfgang Köhler, was the one source Polanyi cited in his 1941 essay, indicating he had taken Köhler’s name “dynamic order” and modified its meaning to suit his own needs (G 432, 435). The importance of Gestalt psychology in the development of Polanyi’s thought can be inferred from a remark in *The Tacit Dimension* that his “ideas were first given a systematic form in *Science, Faith and Society* in 1946” where he “considered science ...as a variant of sensory perception”,²² his understanding of perception as the model for science being that of Gestalt psychology.²³ The index of Köhler’s *Gestalt Psychology* (1929, reprinted 1947) gives several references for “dynamic”, “dynamics”, and “dynamic order” as opposed to “enforced order” (or “prescribed order”).²⁴ What were the grounds of Köhler’s distinction? In Chapter IV of the book, “Dynamics as Opposed to Machine Theory”, he noticed that *physical* orders (these not social orders were his interest) are determined in two main ways, one involving freely interacting internal forces (“dynamic” factors), the other elements under “rigid constraints” (“topographical” factors). Köhler’s examples of dynamic order included distribution of electric charges on an insulated conductor, the planetary system, oil in water, and the organization of sense experience. Steam engines, most machines, and movement of water in a narrow pipe were cited as “enforced orders.” The distinction is one of degree, orders being categorized according to the relative influence of dynamic forces and rigid constraints, the maximum topographical influence permitting movement in only one possible direction, as a cylinder prescribes the movement of a piston.

Polanyi’s distinction between orders cuts across that of Köhler. As against Köhler’s reliance on different degrees of internal, freely interacting elements and external, rigid determinants, Polanyi was differentiating orders according to whether they result from human design and contrivance. He assumed (not altogether convincingly) that designed orders limit members’ freedom and that non-designed or dynamic ones do not. A broader distinction than Köhler’s, which covers natural and technological orders but not social ones (although there is no reason why it could not be extended to these), Polanyi’s applies to all three.

“The Span of Central Direction” (1948) and “Manageability of Social Tasks” (1951)

Polanyi began explicitly using the term “spontaneous order” in “The Span of Central Direction” (1948, reprinted 1951), contrasting order of this kind against “corporate order”, which was the distinction of 1941 differently designated. The thesis of the essay, as he later conveniently summarized it, affirms there are certain tasks “which if manageable can only be performed by spontaneous mutual adjustments”, tasks no corporate order is equipped to undertake (M 170). Specifically, industrial production excludes the possibility of central planning, daily decisions about allocations of materials to each plant in response to changes in supply and demand lying beyond the capacity of corporate administration. Imposing corporate administration on a system of modern industrial production would drastically reduce the number of industrial units or their activities. Polanyi produced a quantitative demonstration that “the administrative powers of a corporate body” are in a ratio of 1:n in relation to the scale “of the administrative task involved in the conduct of a modern industrial system of production”, where n denotes the number of productive units in the economy.²⁵ To put 100,000 productive businesses under central control would, on Polanyi’s reckoning, reduce business adjustments and the overall rate of production to the fraction, 1/100,000. He noted his conclusion on central planning was stiffer than even that of Hayek, L. von Mises, and F.H. Knight: “The rigorous free-traders ...who urgently warn against the danger of enslavement by economic planning, thereby imply (often without intending it) that economic planning is feasible, though at the price of liberty.”²⁶

In “Manageability of Social Tasks,” Polanyi surveyed the principal spontaneous orders in society, developing certain points from his earlier essays and adding new thoughts. He observed that members of a spontaneous order exercise their own initiative “subject ...to laws which uniformly apply to all of them”, without explaining whether the laws in question are general across society or specific to the order.²⁷ For the first time he indicated that some of the content of his spontaneous order idea had been presaged by Adam Smith, with no suggestion, however, of a personal debt. Smith had used the concept of self-co-ordination with reference to market activity; Polanyi was also applying it to cultural practices (M 154, 160, 170).

The competitive economy, major spontaneous order of the free society, Polanyi divided into five mutually adjusting orders: plant managers bargaining with disposers of, respectively, labour, land, and capital; purchases by consumers “adjusted to the market conditions created by previous purchases”; and plant managers competing “for the demand of consumers” (M 161).

His account of common law as an “intellectual” spontaneous order borrowed freely from his discussion of a decade earlier. Involving consecutive adjustments of judges’ decisions to previous decisions “and to any justified changes in public opinion”, the legal order’s “scope and consistency” are increased through the application and reinterpretation of its basic rules (M 162). But whereas Polanyi in 1941 had presented the order of common law as “precisely analogous to the relationship between the consecutive decisions of individual producers acting in the same market”, now he wanted to contrast the accomplishments of the two orders (G 436). The critical difference is that whereas “an economic system of spontaneous order co-ordinates individual actions merely to serve the momentary material interest of its participants, an orderly process of judicature deposits a valid and lasting system of legal thought” (M 163). In regard to the spontaneous order of science, Polanyi had previously described two modes by which scientists co-ordinate their activities, *consultation* with “professional opinion” and *competition* for personal

advantage, resembling law and business respectively. In this essay he included *persuasion* as a further form of mutual adjustment in science. Intellectual, as distinct from economic, spontaneous orders are each ruled by their body of “professional opinion”, whereas in the “Growth of Thought” essay he had spoken of authority being exercised by “influentials” of the cultural circle in each order.

Let us examine the case of science to further elucidate Polanyi’s theory. A good way into this is to use Barry’s distinction between the historically most important concepts of spontaneous order, a diachronic one of “*evolutionary growth*” of institutions and cultural objects and a synchronic notion of “complex aggregate structure[s]” of activities.²⁸ What part of science did Polanyi regard as subject to spontaneous ordering: the research *process* (Barry’s “growth”) or the knowledge claims that are the *product* of research (Barry’s “aggregate structure”) (or both)? That he was talking about research is evident in his article, “Foundations of Academic Freedom” (1947), which discusses scientists’ work on problems of their own choosing as an order of intellectual activities that achieves the optimum “utilization” of scientists’ efforts relative to the goal of exploring for and exploiting opportunities for discovery. Efforts are co-ordinated as each scientist independently adjusts her “activities to the results hitherto achieved by others.”²⁹ The outcome is an ordered *process* rather than an order or system of recurrent practices, a “dovetailing” of many acts of self-adjustment undertaken in response to an evolving intellectual situation. The spontaneously ordered *growth* of science is what Polanyi had in mind.

It might be questioned, however, just how spontaneous the Polanyian order of science is, for he believed scientists are hemmed in by a number of stringent social constraints. Professional opinion and peer pressure exclude many possible starting points and lines of investigation, exerting “a profound influence on the course of every individual investigation.”³⁰ The unofficial rulers of science decide appointments, publications, and funding. “By their advice they can either delay or accelerate the growth of a new line of research. They can provide special subsidies for new lines of research at any moment.” They produce a “constant re-direction of scientific interest.”³¹ The possibility is raised of markedly different degrees of freedom and constraint existing in spontaneous orders. An order may be other than centrally directed without its members enjoying great freedom.

Spontaneous Order and Freedom

Part of the rationale of Polanyi’s theory of dynamic/spontaneous order was to shed light on political subjects. He believed that vital activities undertaken in a self-ordering manner define the difference between liberal-democracy and totalitarianism. And turning to his interpretation of freedom, it is seen to be bound up in the account of such order. “The Growth of Thought” essay introduced a distinction between “private” and “public” liberty. “Private” liberty is the condition of being left to one’s own devices with no externally defined purpose to serve, while “public” liberty, a necessary property of spontaneous order, connotes that people have the opportunity to act in the way they personally judge to be appropriate to a given ideal end, not having to comply with “another’s instructions ...as is the subordinate official’s duty” in a planned order. Among the points made are that “responsible public liberty” limits “irresponsible private freedom”, that they “stimulate each other”, and that liberal society protects “Irresponsible privacy, solitary habits, non-conformity and eccentricity” as sources of independent thought and activity from which the public can benefit (G 438).

“Manageability of Social Tasks” (1951) unfolds further implications. Acts of private liberty, undertaken in response to personal desires, and not judged as socially detrimental, are neither punished by authority nor censured

by public opinion. Public liberty is akin to private liberty in allowing people to act independently but differs from it in having a predefined purpose and a public responsibility. In the various intellectual spontaneous orders, judges, scientists, and others make use of public freedom to form judgments and act as they see fit, guided by and dedicated to what Polanyi referred to as spiritual realities. It is liberty based on general laws, unhampered by specific commands.

Connections between the two liberties traced in this discussion (1951) include public liberty as an historical-causal condition of private liberty with the shackles of serfdom broken after public liberties were established in law and commerce. A negative relation is erosion of public liberty by “private nihilism” - (ab)use of private freedom to reject truth and science, beauty and art, justice and law - ending up with tyranny (M 158).

It is important, Polanyi believed, that both freedoms be protected, but public freedom is the more characteristic of liberal society. Private liberty is not unknown in totalitarian states, unlike public liberty whose grounds they deny. Democracies provide extensive public freedom but may curtail private freedom through exercise of “social ostracism” (one thinks in this context of Tocqueville and J.S. Mill and their fears concerning majority tyranny). According to Polanyi, Soviet citizens under Stalin had more private liberty than the English last century. He wrote, “A free society is characterized by the range of public liberties through which individualism performs a social function, and not by the scope of socially ineffective personal liberties.”³²

What is the case for public liberty? So far as Polanyi was concerned it is not provided for people to behave as they wish. Judges and scientists may enjoy their work but they are not given public liberty for this reason. Business people are not provided with the right to accumulate and use capital for their own pleasure. To ground and justify such liberty, Polanyi explained, calls for beliefs “in the validity and power of things of the mind and in our obligation” to serve and pursue these mental objects.³³ One assumes he was referring to these beliefs and obligations when he spoke of “fiduciary foundations” and “transcendent ground[s]” of public liberty and the free society.³⁴ One example of an object of belief and obligation would be “the possibility of knowing the truth and the obligation of telling it” (M 193), others being implied by his proposition that the “primary aim” of public liberty is the promotion of a “good society, respecting truth and justice, and cultivating love between fellow citizens.”³⁵ In short, most of the mental objects appear to be ideals, along with corresponding beliefs in their reality.

A matter on which Polanyi was not explicit, which is nevertheless important for determining his overall position, is whether public liberty extends throughout the free society, enabling *all* citizens to act on relevant beliefs and pursue ideals to promote a “good society.” Or was he suggesting this liberty is only available within spontaneous orders for members to pursue systemic ideal objects? Polanyi’s 1941 essay appeared to locate public liberty squarely in spontaneous orders, notwithstanding that one such order - the market economy - involves most if not all citizens of society as a whole. It may have been this essay that led Prosch to remark that Polanyi’s general public supported truth, justice, and the other ideals without itself being actively involved in their pursuit, the ideals being “embodied in the free communities of scientists, artists”, etc.³⁶ But if that were Polanyi’s view in 1941, it would appear he had surrendered it by 1949. Connecting public liberty to the pursuit of ideals (and to market activity), he spoke of ideals and of beliefs that are “held in common by” all citizens of the free society (e.g. “that man is amenable to reason and susceptible to the claims of his conscience”),³⁷ and one assumes Polanyi meant that all citizens of the free society have public liberty relative to the ideal ends of the society. He affirmed, “the free society *as a whole*” is supportive of and supported by citizens earnestly endeavouring to live according to their fundamental moral beliefs (truth, justice, and love of humanity).³⁸ And he similarly wrote, “The general foundations of coherence and freedom in society may be

regarded as secure to the extent to which men uphold their belief in the reality of truth, justice, charity and tolerance, and accept dedication to the service of these realities.”³⁹ Among these ideal objects and corresponding public liberties, one imagines that the likes of charity, tolerance, and philanthropy exist in the wider society, not confined to spontaneous orders. At another place, Polanyi represented members of spontaneous orders as an ““oligarchy”” of those “who primarily make use of the public liberties in Western society”, the adverb implying public liberties are *also* part of society (M 196).

The general public is morally and financially supportive of the activities and achievements of the various spontaneous orders. For example, in regard to the order of scientists Polanyi observed:

The ideas and opinions of so small a group can be of importance only by virtue of the response which they evoke from the general public. This response is indispensable to science, which depends on it for money to pay the costs of research and for recruits to replenish the ranks of the profession. Clearly, science can continue to exist on the modern scale only so long as the authority it claims is accepted by large groups of the public.⁴⁰

Is the relation symmetrical, such that people in spontaneous orders work for the benefit of society in return for its support? We noted Polanyi saying that public liberty is primarily aimed at producing a worthy society, citizens cultivating truth, justice, and fellow-feeling. Did he think that those in spontaneous orders seek this aim directly, or indirectly through pursuing their order’s ideal(s)? The text suggests a positive answer to the second question. For according to Polanyi, public freedoms in the various spontaneous orders serve, and receive their justification from, the end of each order, which being described by him as “ultimate” suggests he looked on it as an end in itself (M 198). It would appear from this that Polanyi was confused and confusing when he claimed that members of spontaneous orders have creation of a good society as their “primary aim.” That members of a Polanyian spontaneous order are dedicated to the object of their order rather than to some external so-called “primary aim” is confirmed by several of Polanyi’s remarks. For example: “Scientists, judges, scholars, ministers of religion, etc. are guided by systems of thought to the growth, application, or dissemination of which they are dedicated” (M 194). He contended that actions of participants in spontaneous orders are directed by their “professional interests” and “professional dut[ies]”, and explained that “All these persons engaged in forming various systems of spontaneous order, are guided by their standard incentives *which do not aim at promoting the welfare of the social body as a whole.*”⁴¹ Which suggests Polanyi meant that participants in spontaneous orders are motivated by professional duties rather than by improving society. If use of public liberty in spontaneous orders for pursuing their ends also serves to enhance the “good society”, it only does so indirectly. Besides which, there is nothing to guarantee such an outcome, Polanyi holding that the consequences on society of activities in the spontaneous orders cannot be known in advance.

Polanyi’s Use of Spontaneous Order Compared to that of Hayek

Given the standing of Hayek as this century’s pre-eminent theorist of spontaneous order, it is worth comparing his use of the idea with that of Polanyi. Hayek’s most extensive discussion of the subject appears in *Law, Legislation and Liberty*, where he repeatedly described the free society as a spontaneous order, a fact that prompts one to ask whether Polanyi similarly applied the concept to liberal society as a whole. An affirmative answer may appear to be implied by our argument above that Polanyi regarded *public liberty* as a property of the *free society* as well as of its constituent spontaneous orders. Against this, however, Polanyi’s writings from 1941-1951 never explicitly

describe the free society as such an order. The Index of *The Logic of Liberty* confirms this by listing several page numbers against “spontaneous order in society” while never mentioning “spontaneous order of society.” There is one place in *The Logic of Liberty*, in an essay “Foundations of Academic Freedom”, where Polanyi may have appeared to insinuate a view of the free society as a spontaneous order. He wrote:

all contacts with spiritual reality have a measure of coherence. A free people, among whom many are on the alert for calls on their consciences, will show a spontaneous coherence of this kind. They may feel that it all comes from being rooted in the same national tradition; but this tradition may well be merely a national variant of a universal human tradition. For a similar coherence will be found between different nations when each follows a national tradition of this type. They will form a community of free peoples. They may argue and quarrel, yet will always settle each new difficulty in the end, firmly rooted in the same transcendent ground.⁴²

Apart from this vague suggestion, which Polanyi never developed, one is hard put to find any other “support” in his writings from 1941 to 1951 for the idea of the free society being such an order, besides which the idea itself conflicts with his characterization of a spontaneous order in society as one whose members “mutually adjust their *full-time activities* over a prolonged period.”⁴³ Polanyi’s featured examples of such order all exhibit this last property (law, science, production in the free market).⁴⁴

Now turn attention to law. Polanyi’s spontaneous order of law consists of adjustments between the successive decisions of judges. Hayek saw the universal rules of just conduct (the “nomos” of private and criminal law) as the underlying “basis of the spontaneous order of society at large.”⁴⁵ Commonly, Hayek scholars believe he saw these rules as forming a spontaneous order of law,⁴⁶ and several considerations support their interpretation. These include Hayek’s belief that many legal rules have emerged spontaneously, his noting that “numerous ...spontaneous sub-orders or partial societies” exist in a free society, and his inclusion in this society of a “multiplicity of grown and self-generating structures.”⁴⁷ He specifically cited law among society’s spontaneous growths, along with morals, language, and money. Given all this, it may come as a surprise to learn that the copiously detailed index of *Law, Legislation and Liberty* mentions neither “spontaneous order of law” nor “law as a spontaneous order.” And it could not have been otherwise because, in that work, Hayek never described the rules of just conduct as a spontaneous social order. What he said was they form the *foundation* of the spontaneous order of the free society. He repeatedly differentiated in *Law, Legislation and Liberty* between the spontaneous order of actions of the free society and the rules of justice underlying the order.⁴⁸ It is possible he saw the rules of justice as part of the spontaneous order, but he definitely did not see them collectively as equivalent to it. He made this patently clear in another work, differentiating between “the systems of rules of individual conduct and the order of actions” resultant from adhesion to those rules, stating they “are not the same” in spite of being “frequently confused” as in “the term ‘order of law’.”⁴⁹

The explicitly designated spontaneous orders with which Hayek chiefly dealt were society and catallaxy. He distinguished them conceptually while connecting them causally, stating that the free society is “held together by ... economic relations” and that “modern society [is] based on exchange.”⁵⁰ Of the free market he claimed it is “probably ...the only comprehensive order extending over the whole field of human society.”⁵¹ Similarly with Polanyi, who considered the market as the most extensive of all the free society’s spontaneous orders (or as he envisaged it at one place, a set of interacting spontaneous orders).

Polanyi threw the pluralism of the free society into sharper relief than did Hayek in terms of the number of spontaneous orders he identified and discussed. Besides the market economy, and in addition to science and law as intellectual spontaneous orders concerned with spiritual reality, Polanyi noted “language and writing..., Literature and the various arts ...; the crafts, including medicine, agriculture, manufacture and the various technical services; the whole body of religious, social and political thought” (M 165). One finds a different form of pluralism accentuated by Hayek, his conception of the catallaxy or spontaneous order of the market emphasising the multiplicity of self-chosen purposes, whereas in Polanyi’s account of this and other spontaneous orders individual choice and freedom are subordinated to one overriding goal. As Polanyi put it: “Freedom of science, freedom of worship, freedom of thought in general, are public institutions by which society opens to its members the opportunity for serving aims that are purposes in themselves” (M 193). The idea of spontaneous order as ruled by a sovereign goal is not to be found in Hayek who stated that “not having been deliberately made by men, a cosmos has no purpose” although “its existence may ...be...serviceable in the pursuit of many purposes.”⁵² It is significant that Hayek in *Law, Legislation and Liberty* never described enterprises such as science and the arts as spontaneous orders, but as organizations. His likely reason for this was they are directed to a single goal, unlike spontaneous orders which in his view are serviceable with respect to an indefinite number of participants’ purposes.

Finally, a few words on the freedoms Polanyi and Hayek respectively ascribed to spontaneous orders. The public freedom of Polanyi is defined with reference to public aims, whereas Hayek’s liberty, essentially personal and negative, is freedom under the law, secured by the rule of law or, what comes to the same thing, by rules of just conduct that are universal in respect of being “equally applicable to all.”⁵³ These rules delineate and protect the domain of free action of each individual, prohibiting classes of actions deemed to be harmful, and coercing anyone who intrudes. They are domains permitting individuals to use their knowledge for self-chosen purposes. This may appear to approximate what Polanyi described as “private” freedom, which he looked on as irresponsible and selfish, but there is an important difference, which is that Hayek included public ideals among the possible objects of the freedom he supported, meaning that freedom for him may serve selfless purposes just as well as it serves selfish ones. While freedom under the law proves vital in Polanyi’s market order and, one assumes, in his other orders as well, “public” freedom, the primary one for him, is defined less by these laws and more by the aims of spontaneous orders. Such aims, unlike purposes in Hayek’s two main spontaneous orders (society and catallaxy), are predetermined, not objects of choice. Hayek’s free society is not held together by common aims or purposes, other than that of securing the abstract order, but by rules of just conduct. Polanyi subordinated private liberty to public, public liberty providing its justification. “Freedom of the individual to do as he pleases, so long as he respects the other fellow’s right to do likewise, plays only a minor part in this theory of freedom.” Accordingly, the “free society is not an Open Society, but one fully dedicated to a distinctive set of beliefs.”⁵⁴

Polanyi and Hayek’s interpretations of a free society are found to differ, Polanyi emphasizing the responsible exercise of freedom in the service of (mostly) ideal ends, Hayek the use of knowledge in pursuit of freely chosen purposes. Polanyi saw the moral life of citizens of the free society as largely owing to their “civic contacts” in society, the citizen’s “social responsibilities give him occasion to a moral life from which men not living in freedom are debarred.”⁵⁵ The responsibilities he referred to concern truth, justice and other ideal ends. For Hayek, also, morality is embedded in society, the difference being that in his case rules sustain morality, not ends. “It was a repertoire of learnt rules which told him [the individual] what was the right and what was the wrong way of acting in different circumstances” and, again, “the only common values of an open and free society were ...those common abstract rules of conduct that secured the constant maintenance of an equally abstract order which merely assured to the individual

better prospects of achieving his individual ends.”⁵⁶ Morality in Polanyi’s case is the constrained, considered pursuit of ideal objects; in Hayek’s it is respecting customary rules in the pursuit of personal purposes.

Endnotes *

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¹ For a clear historical survey of writings on spontaneous order see Norman Barry, “The Tradition of Spontaneous Order,” *Literature of Liberty* 5 (1982): 7-58.

² Ian Ross, “Foreword,” in Ronald Hamowy, *The Scottish Enlightenment and the Theory of Spontaneous Order* (Carbondale: Southern Illinois University Press, 1987), 3.

³ Hamowy, *Scottish Enlightenment*, 3 and n. 1, referring to Friedrich Hayek, *The Constitution of Liberty* (Chicago: University of Chicago Press, 1960), 160-61. Here are some further details. In “Economics and Knowledge” (1936), reprinted in Friedrich Hayek, *Individualism and Economic Order* (London: Routledge & Kegan Paul, 1949), 33-56 Hayek spoke of “a problem of the *division of knowledge*” (50) as the fundamental problem of economic science and of the social sciences in general, the problem of “how the spontaneous interaction” (50) of people with fragments of knowledge bring, for example, prices into correspondence with costs.

In another essay, “The Use of Knowledge in Society” (1945), reprinted in Hayek, *Individualism and Economic Order*, 77-91 Hayek asked how people are able to co-ordinate (a key term in the analysis of spontaneous order) their actions in a system of dispersed knowledge of particular facts, and he noted in regard to the market that the price system is crucially involved (84-5). Hayek illustrated this suggestion in terms of a relative scarcity raising the price of a raw material such as tin, prompting manufacturers to appropriately respond as they try to maintain profit levels by using tin more sparingly and introducing substitutes. He wrote, “The whole acts as one market, not because any of its members survey the whole field, but because their limited individual fields of vision sufficiently overlap so that through many intermediaries the relevant information is communicated to all”, *Ibid.*, 86 emphasis added. This no doubt is what Hamowy was referring to when he suggested the concept of (as distinct from the term) spontaneous order originally appeared in Hayek in “The Use of Knowledge ...” essay of 1945.

⁴ George C. Roche III, “The Relevance of Friedrich Hayek,” in *Essays on Hayek*, ed. F. Machlup (Hillsdale: Hillsdale College Press, 1976), 10. Other writers who suggest the term “spontaneous order” was coined by Hayek and that he resurrected the theory of it in this century include: D. P. O’Brien, “Hayek as an Intellectual Historian,” in *Hayek, Co-ordination and Evolution*, eds. J. Birner and R. van Zijp (London: Routledge, 1994), 346-47; Shirley Letwin, “The Achievement of Friedrich A. Hayek,” in *Essays on Hayek*; Barry, “Tradition of Spontaneous Order,” Naomi Moldofsky, “The Problems Reconsidered, 1920-1989,” in F. A. Hayek, *Order - With or Without Design?* (London: CRCE, 1989); Raimondo Cubeddu, *The Philosophy of the Austrian School* (London: Routledge, 1993).

⁵ Even in Polyanian exegesis the idea of spontaneous order has been the object of scant attention. Representatively, Harry Prosch, *Michael Polanyi* (Albany: State University of New York Press, 1986) mentions

spontaneous order on only two pages (273, 288), and says very little about the related idea of ‘polycentricity’ (178, 183-4, 194, 198, 273, 283). William Casement, “Michael Polanyi’s Defense of Spontaneous Order,” in *Terrorism, Justice and Social Values*, eds. C. Peden and Y. Hudson (Lewiston: The Edwin Mellen Press, 1990), is ahistorical and narrow in its coverage. Terry Hoy, “Michael Polanyi: The Moral Imperatives of a Free Society,” *Thought* 58 (1983): 393-405 says nothing about spontaneous order, nor does Richard Gelwick’s introduction to Polanyi’s thought, *The Way of Discovery* (New York: Oxford University Press, 1977).

⁶ Concerning Polanyi’s writings subsequent to 1951, there is no reference to “spontaneous order” in his magnum opus, *Personal Knowledge* (London: Routledge & Kegan Paul, 1958) although the idea may be hinted at from 212-22, and on 321. The idea appears in his “The Republic of Science,” *Minerva* 1 (1962): 54-56, 65, and the expression “spontaneous order” is to be found in his and Harry Prosch’s *Meaning* (Chicago: University of Chicago Press, 1975), 204-206, 208, 211-213.

⁷ Hayek, *Individualism and Economic Order*, 88. Also it is unclear from what Hayek subsequently said about the matter whether his idea of spontaneous order even in *The Constitution of Liberty*, much less in his earlier writings, had significant content. See F. A. Hayek, *Law, Legislation and Liberty* (London: Routledge & Kegan Paul, 1982), vol. I, 2 where he explained that part of his reason for writing this work was a belief that there had “never been” adequate exposition of the distinction between “a self-generating or spontaneous order and an organization.”

⁸ Hamowy, *Scottish Enlightenment*, 40 n. 7.

⁹ John Gray, *Hayek on Liberty*, 2nd ed. (Oxford: Blackwell, 1986), 35.

¹⁰ *Ibid.*, 256 n. 21.

¹¹ This claim of Gray’s is historically incorrect. So is Lee Cronk’s statement that “Polanyi (1941, 1951) applied the idea to the social process of science” (in fact he applied it to numerous spheres of society) and that Polanyi “appears to have been the first to use the term spontaneous order (1941)” (in the work being alluded to Polanyi used a different term to designate the concept). We shall clarify these matters later on. My quotations are from Cronk, “Spontaneous Order Analysis and Anthropology,” *Cultural Dynamics* 1 (1988): 286.

¹² Friedrich Hayek, “The Transmission of the Ideals of Economic Freedom,” in Hayek, *Studies in Philosophy, Politics and Economics* (London: Routledge & Kegan Paul, 1967), 199 n. 3 (rewrite of an essay published in 1951).

¹³ See Gray, *Hayek*, 257 n. 3. Conversely, Polanyi reviewed books by Hayek for *Economica*, including *Individualism and Economic Order* (reviewed in 1949) and *The Counter Revolution in Science* (reviewed in 1953). For bibliographic details see Prosch, *Polanyi*, 336, 338.

¹⁴ Fritz Machlup, “Friedrich A. von Hayek,” in *International Encyclopedia of the Social Sciences: Biographical Supplement*, ed. David L. Sills (New York: The Free Press, 1979), 277.

¹⁵ Hayek, *Constitution*, 415-16.

¹⁶ Certain elements of the idea of spontaneous order were nascent in essays of Polanyi published in 1939, “The Rights and Duties of Science,” and 1940, “Collectivist Planning.” These were republished as part of a collection, *The Contempt of Freedom* (New York: Arno Press, 1975 (repr. of 1940 edition)). In particular, see 5, 8, 10-11, 35-44. The concept of such order was, however, as yet (1940) embryonic and unnamed.

¹⁷ Michael Polanyi, “The Growth of Thought in Society,” *Economica* (1941): 428 (hereafter referred to in the text by the initial G).

¹⁸ It may be objected that plants and inanimate objects are not possessed of freedom to stay put or move about. In the case of inanimate objects Polanyi was probably alluding to their moving with or without impediment, but it is hard to make out what he meant in respect to plants.

¹⁹ *Ibid.*, 433. For later discussion of these points see: Michael Polanyi, “The Span of Central Direction,” first published in 1948, reprinted in Polanyi, *The Logic of Liberty* (Chicago: The University of Chicago Press, 1951), 134; and Michael Polanyi, “Manageability of Social Tasks,” in *Logic*, 156-7 (signified in the text by M).

²⁰ *Ibid.*, 438; cf. Polanyi, “Manageability,” in *Logic*, 165.

²¹ There are two references to Adam Smith in Polanyi’s *Logic* (154 and 170), but they do not suggest intellectual indebtedness. Perhaps the idea of spontaneous order was “in the air” through the 1930s and 40s. In 1940, Polanyi (*Contempt of Freedom*, 36 n. 1) made approving mention of the discussion of “cultivation of liberty under the law” in Walter Lippman’s *The Good Society* (Boston: Little, Brown, 1938). Lippmann did not use the precise expression “spontaneous order”, although he came close to it when he distinguished between “The associations into which men group themselves spontaneously” and bodies that “are deliberately contrived and organized” (*Ibid.*, 309 emphasis added). See also n. 12 above for reference to Hayek’s interesting historical reminiscence.

²² Michael Polanyi, *The Tacit Dimension* (London: Routledge & Kegan Paul, 1967), ix.

²³ For the importance of Gestalt in Polanyi’s, *Science, Faith and Society* (Chicago: The University of Chicago Press, 1946) and usage of the terms “spontaneous” and “dynamic” see 33-4, 38, 47, 52, 59.

²⁴ Köhler, *Gestalt Psychology* (New York: Liveright, 1929, repr. 1947). The Index has an entry for “spontaneous association” (262ff.), and a notion “spontaneous grouping” (144). There is mention of “stationary state” (136) in the body of Köhler’s book but not of “spontaneous order.”

²⁵ Polanyi, “Central Direction,” *Logic*, 114.

²⁶ *Ibid.*, 122.

²⁷ “Manageability,” 159; cf. Polanyi, “Growth of Thought,” 441.

²⁸ Barry, “Tradition of Spontaneous Order,” 11.

²⁹ Michael Polanyi, “Foundations of Academic Freedom,” reprinted in Polanyi, *Logic*, 34.

³⁰ Michael Polanyi, “Self-Government of Science,” (1942), reprinted in Polanyi, *Logic*, 53.

³¹ *Ibid.*, 54.

³² “Manageability,” 158; cf. *Logic*, v and vi.

³³ *Ibid.*, 193; cf. *Logic*, v, 97, 102, 194.

³⁴ *Logic*, vi, and 46.

³⁵ “Manageability,” 198. The exception to this is the free economy, its producers and consumers motivated by personal gain, not ideals.

³⁶ Prosch, *Michael Polanyi*, 280. This also appears to be the Prosch-Polanyi view in Chapter 13 of *Meaning* (200, 204) where they talk of “enclaves” of freedom. But this work includes the idea of the general public functioning as a spontaneous order “with respect to its government” (211-13), which is an aberration, having not appeared in Polanyi’s previous writings.

³⁷ Michael Polanyi, “Scientific Convictions” (1949), *Logic*, 29.

³⁸ *Ibid.*, 29 (emphasis added). See also, *Logic*, 45-6.

³⁹ Polanyi, “Foundations,” 47.

⁴⁰ Polanyi, “Self-Government,” 57.

⁴¹ *Ibid.*, 194; cf. “Growth of Thought,” 445.

⁴² Polanyi, “Foundations,” 46.

⁴³ Polanyi, “Central Direction,” 115, emphasis added.

⁴⁴ See, for example, *Logic*, 157ff, 159-65, 185, 194-6. Admittedly, not all of Polanyi’s lesser, unanalyzed, examples of such order involve full-time activities: *Logic*, 116, 165-6; and “Growth,” 438.

⁴⁵ F. A. Hayek, *Law, Legislation and Liberty* (London: Routledge & Kegan Paul, 1982), vol. I, 125. See also vol. I, 43-6, 98, 104-5, 112.

⁴⁶ Scholars in this category include: Naomi Moldofsky, “The Problems Reconsidered,” 29; Ulrich Witt, “The Theory of Societal Evolution,” in J. Birner and R. van Zijp eds Hayek, *Co-Ordination and Evolution* (London: Routledge, 1994), 187; and John Gray, “Hayek, Spontaneous order and the Post-Communist Societies in Transition,”

in C Frei and R. Nef eds. *Contending With Hayek* (Bern: Peter Lang, 1994), 37.

⁴⁷ Respectively, Hayek, *Law*, vol. I, 47, and *Ibid.*, vol. III, 140.

⁴⁸ See n. 45.

⁴⁹ F.A. Hayek, “Notes on the Evolution of Systems of Rules of Conduct,” in *Hayek Studies in Philosophy*, 67.

⁵⁰ Hayek, *Law*, II, 112, and I, 45, respectively.

⁵¹ *Ibid.*, I, 115.

⁵² F.A. Hayek, “The Confusion of Language in Political Thought,” in *Hayek, New Studies in Philosophy, Politics, Economics and the History of Ideas* (London: Routledge & Kegan Paul, 1978), 73-4.

⁵³ Hayek, *Law*, I, 107. See C. A. Hoy, *A Philosophy of Individual Freedom* (Westport: Greenwood Press, n.d.), 9ff.

⁵⁴ Polanyi, *Logic*, vi.

⁵⁵ Polanyi, “Scientific Convictions,” 30.

⁵⁶ Hayek, *Law*, III, 157 and 164 respectively; see also III, 166-68.

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