

## CHAPTER IV

# DOES DARWINISM SUPPORT ECONOMIC LIBERTY?

*“Greed... captures the essence of the evolutionary spirit,”*  
GORDON GEKKO IN THE FILM “WALL STREET” (1987).

The idea that Darwinism supports the free enterprise system is deeply embedded in the American imagination, although it is not always described in positive terms. Most people probably first encountered this claim in high school social studies classes, where they heard about ruthless capitalists during the “Gilded Age” who appealed to Darwin’s theory of natural selection to justify cut-throat business competition. One of the champions of this philosophy of “Social Darwinism” was William Graham Sumner of Yale, who famously boasted that “millionaires are a product of natural selection,” and added that “if we do not like the survival of the fittest, we have only one possible alternative, and that is the survival of the unfittest.”<sup>105</sup>

Yet this conventional history of the Gilded Age is more myth than fact. While a few nineteenth century biologists and social theorists justified *laissez faire* economic policies in terms of natural selection, most American defenders of capitalism did not. If anything, they were skeptical about economic applications of Darwin’s theory because of its close connection to the Rev. Thomas Malthus’s overly pessimistic *Essay on the Principle of Population* (1798).<sup>106</sup>

By Darwin’s own account, it was his reading of Malthus that stimulated him to develop his theory of natural selection. Malthus argued that men, animals, and plants all tend to reproduce more offspring

than nature can support. The inevitable result of this overpopulation is widespread death until the population is reduced to a level that nature can support. Darwin adopted this struggle for existence articulated by Malthus as the foundation for his theory of evolution by natural selection. Darwin wrote that while reading Malthus, "it at once struck me that under these circumstances [of the struggle for existence] favourable variations would tend to be preserved and unfavourable ones to be destroyed. The result of this would be the formation of new species."<sup>107</sup>

Applied to the world of commerce, Malthusian theory presented economics as a zero-sum game. Additional people almost inevitably meant greater privation for many human beings. The more people there are, the less food there will be to go around. The more laborers there are, the lower the standard wage will be.<sup>108</sup> While Malthus noted some exceptions to this rule, he suggested they were temporary. In America, for example, "the reward of labour is at present... liberal," but "it may be expected that in the progress of the population of America, the labourers will in time be much less liberally rewarded."<sup>109</sup> In the Malthusian view, economic progress for the few could only be purchased at the price of misery for the many.

American defenders of capitalism during the latter 1800s explicitly repudiated the Malthusian view of economics, which meant that they also had little desire to invoke Darwinism as a defense of free enterprise. In 1879, for example, Harvard political economist Francis Bowen inveighed against "Malthusianism, Darwinism, and Pessimism" in the *North American Review*. Bowen generally supported *laissez faire*, but he was anything but a Malthusian or a Social Darwinist. Contra Malthus, Bowen argued that "the bounties of nature are practically inexhaustible."<sup>110</sup> Therefore starvation and misery among human beings were not inevitable consequences of overpopulation but the products of human ignorance, indolence, and self-indulgence. "It is not the excess of population which causes the misery, but the misery which causes the excess of population," he insisted.<sup>111</sup> Bowen noted that "since 1850... English

writers upon political economy have generally ceased to advocate Malthusianism and its subsidiary doctrines,” and observed how incongruous it was that “in 1860, at the very time when this gloomy doctrine of ‘a battle for life’ had nearly died out in political economy... it was revived in biology, and made the basis in that science of a theory still more comprehensive and appalling than that which had been founded upon it by Malthus.”<sup>112</sup>

Ironically, it was not capitalism’s defenders but its detractors who most vigorously identified capitalism with Darwinian theory. In the late nineteenth and early twentieth centuries, various left-wing reformers tried to discredit capitalism by claiming that it was nothing more than Darwinian “survival of the fittest” applied to the world of business. According to historian Robert Bannister, “[n]ew Liberals and socialists asserted in almost a single voice that opponents of state activity wedded Darwinism to classical economics and thus traded illicitly on the prestige of the new biology.”<sup>113</sup> As a result, the primary use of the epithet “Social Darwinism” was not to justify capitalism, but to stigmatize it in order to undermine its legitimacy and generate support for expanded government control over the economy. Darwinism became one of the most potent rhetorical weapons in the arsenal of those who wanted to attack capitalism.

Interestingly, after critics had effectively tarred capitalism with the Social Darwinist label, more businessmen and economists did begin to appropriate the Darwinist metaphor as a defense for free enterprise. By the 1920s, articles in the business press regularly appealed to the Darwinian process as a justification for competition or as a reason against government intervention.<sup>114</sup> At the same time, there was continued resistance to any wholesale appropriation of the Darwinian metaphor among capitalism’s defenders.

In his influential work *Socialism* (first published in English in 1932), economist Ludwig von Mises chided the attempt to apply Darwinism and the struggle for existence to economic relations within society. Al-

though men do engage in a struggle against the “natural environment” in order to survive, the purpose of society is to replace that struggle with social cooperation. “Society... in its very conception... abolishes the struggle between human beings and substitutes the mutual aid which provides the essential motive of all members united in an organism. Within the limits of society there is no struggle, only peace.”<sup>115</sup> While it is true that the “task” of “economic competition” is “selection of the best,” von Mises argued that the Darwinian metaphor was peculiarly inapt as a description of this process, because competition properly understood “is an element of social collaboration” not social warfare.<sup>116</sup> Consequently, von Mises believed it was utterly inappropriate to equate the destruction of uncompetitive businesses with a Darwinian war for survival:

People say that in the competitive struggle, economic lives are destroyed. This, however, merely means that those who succumb are forced to seek in the structure of the social division of labour a position other than the one they would like to occupy. It does not by any means signify that they are to starve. In the capitalist society there is a place and bread for all. Its ability to expand provides sustenance for every worker. Permanent unemployment is not a feature of free capitalism.<sup>117</sup>

While leading conservatives continued to reject depictions of capitalism as struggle for survival akin what took place in nature, some offered a more sophisticated argument linking Darwinian theory to free enterprise by emphasizing the ability of economic systems to generate “spontaneous order” without an overarching designer. Here Darwin’s emphasis on the unguided nature of evolution was regarded as the most relevant application for economics. Accordingly, F. A. Hayek, who wrote dismissively of “Social Darwinism,” championed “the emergence of order as the result of adaptive evolution.”<sup>118</sup> This was the belief that “complex and orderly and, in a very definite sense, purposive structures might grow up which owed little or nothing to design, which were not invented

by a contriving mind but arose from the separate actions of many men who did not know what they were doing.”

Arnhart adopts Hayek’s idea of “spontaneous order” as a key plank in the platform of “Darwinian conservatism.” In Arnhart’s view, the concept of “spontaneous order” is not only grounded in the truths of Darwinian biology, but it flatly contradicts the major assumption of “intelligent design”: “the fundamental premise of the ‘intelligent design’ argument is that complex order in the living world must be the deliberately contrived work of an intelligent designer, which denies Hayek’s notion of spontaneous order.”<sup>119</sup>

Other recent popularizers of a “Darwinian” view of economics also stress the centrality of unguided evolution in business, highlighting in particular the claims of “complexity theory” that complex systems in nature have “self-organizing” properties that can naturally produce even greater levels of complexity.<sup>120</sup> Some libertarians see in complexity theory at least a partial vindication of traditional *laissez faire*.

“On the surface, the computer-assisted discovery of spontaneous order would appear to be a triumphant vindication of libertarian social theory in general and the Austrian School of economics in particular,” wrote William Tucker in the libertarian magazine *Reason*.<sup>121</sup> Tucker added that “at the heart of complexity theory... lies the notion of freely evolving systems, including social and economic systems.”<sup>122</sup> But Tucker also noted that economists who embrace complexity theory have used it to support government intervention in the economy rather than *laissez faire*. He attributed this to their ideological beliefs, which blinded them to the logical implications of their research.<sup>123</sup>

However, this effort to extrapolate from Darwin’s mechanism in nature to the “spontaneous order” found in human society is based on a false analogy. The causes of “spontaneous order” among human beings are simply not equivalent to the mindless process of chance and necessity postulated by Darwinian biology. The Darwinian process in nature is supposed to be blind to intelligence and to the future. Random (i.e., pur-

poseless and non-guided) variations are in the driver's seat. Variations in the social world, however, are driven by human beings exercising their intelligence and foresight. This intelligence and foresight may well be limited, but it is neither purposeless nor completely blind to the future. Moreover, cultural variations simply are not transmitted in a manner equivalent to biological inheritance.

Cultural (as opposed to biological) inheritance depends on learning, teaching, and choice, not on a mechanical process of genetic transmission. If anything, so-called Darwinian analogies applied to business could be better described as Lamarckian analogies, because they involve the transmission of characteristics acquired through an organism's conscious efforts to adapt to its environment. While it is true that social cooperation may not be guided by a single designer, that is not because the process is driven by random variations but because it results from the intelligent choices of innumerable designers interacting with each other.

It is somewhat misleading to say that human order arises "spontaneously." That term seems to suggest a lack of any conscious thought, yet human social order arises out of the intentional actions of individuals and groups to associate with each other, to exchange goods, and to improve their environment. Just because these actions are decentralized does not mean they are not designed. This sort of design-driven cooperation is alien to the Darwinian mechanism. It is not alien, however, to the teachings of the classical school of economics that predated Darwin.

While Arnhart asserts that "[a] spontaneous order is an unintended order" and that "[s]pontaneous order is design without a designer,"<sup>124</sup> he implicitly acknowledges that this is not literally true. At one point he writes about "[a]llowing social order to arise spontaneously through the *mutual adjustment of individuals and groups seeking their particular ends*."<sup>125</sup> But order that arises through the "mutual adjustment of individuals and groups" who are pursuing "their particular ends" does not come about through a purposeless interaction of chance and necessity. It comes about through the rational actions of many intelligent designers.

Arnhart's own examples of "spontaneous order" merely underscore this point. For example, he holds up the evolution of the English language as "spontaneous order." Yet what he actually means by this is that "[o]ur language has been enriched by a few great minds like William Shakespeare... and by the many small minds of ordinary people in ordinary speech."<sup>126</sup> Arnhart is right, but in a way he apparently does not realize. The English language has developed through the interaction of many *minds*—not through a roll of the dice, not through a group of monkeys typing away at a 100 computer keyboards, and certainly not through a blind process of natural selection acting on random mutations. The fact that English was not developed by "a group of English linguists who could reform our language from the top down,"<sup>127</sup> does not mean it was the result of chance and necessity rather than design.

Arnhart here seems to conflate the lack of an *overarching* design with the absence of any design. But something can still be the product of intelligent causes even if it is not the product of a single omniscient designer. Arnhart's description of the evolution of English is a good example, as is the web phenomenon known as "Wikipedia." Wikipedia's content is not the product of one overarching designer, but the work of many rational minds operating in collaboration. Wikipedia is not a demonstration of the power of the Darwinian mechanism of chance and necessity; it is a demonstration of the power of intelligent causes working together.

Contrary to Arnhart, the idea of intelligent design is perfectly compatible with the notion of "spontaneous order" arising in society from the actions of multiple rational agents operating within a context of limited knowledge and power.<sup>128</sup> It is Darwinism's unguided process of selection and mutation that poses the real problem for "spontaneous order," because it asserts that complex order can arise without any goal-directed actions at all, thus discounting the need for the purposeful interaction of rational agents on which the spontaneous order found in the human world depends.