

INTERSUBJECTIVITY AND EMBODIMENT¹

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1. THE THIRD PARTY

I submit that one of the best ways to supersede the subject-object dualism or dichotomy starts with taking seriously a controversy between two French philosophers, Jean-Paul Sartre and René Girard, about a point that may sound frivolous to the sober economists and philosophers who comprise this assembly. In his 1939 reflection titled: "*Une idée fondamentale de la phénoménologie de Husserl: l'intentionnalité*."³ Sartre, following Husserl and Heidegger, intends to protect the thing from its absorption by the subject. He writes, "[Husserl] has opened the space for a new treatise on the emotions with would take its inspiration from this truth which is so simple and so profoundly misunderstood by our sophisticates: if one loves a woman, it is because she is lovable. With this we are delivered from Proust."

One sentence too many, no doubt, for Girard, who tried, like so many others, to escape the sterile alternative between realism and idealism. Girard considers a third possibility upon which it seems that neither philosophy nor the human sciences have ever really reflected, while great literature has never ceased bringing it into play. It is neither "I love a woman because she is lovable" (*realism*), nor "It is because I love a woman that I imagine her lovable" (*idealism*), but "I love a woman because she is loved by a third party" (*mimetic desire*)⁴. Return to Proust forthwith! In the perspective of Girard, Sartre betrays himself when he adds three sentences later: "It is not in I do not know which retreat which we discover ourselves: it is on the road, in the town, *in the middle of the crowd*, thing among things, man among men" (my emphasis).

I beseech you to pardon my French – I mean my "French triangle". You may recall that the phrase "French triangle" is used in response to Stephen Dedalus's lecture on Shakespeare's life by one of his listeners, Eglinton, in James Joyce's *Ulysses*. Stephen has focused his lecture on Shakespeare's sexual frustrations and, in particular, on the dubious fact that his own brothers cuckolded him. At one point Eglinton cannot stand it anymore and erupts: "You are a delusion [...] You have brought us all this way to show us a *French triangle!*" Obviously, this is not a phrase that the French use. The French translator of Joyce, Valéry Larbaud,

³Reprinted in *Situations I*, Gallimard, 1947 ("A Fundamental Idea in Husserl's Phenomenology: Intentionality").

⁴ See for instance René Girard, *Deceit, Desire & the Novel; Self and Other in Literary Structure*, The Johns Hopkins University Press, 1966.

proposes "*Monsieur, Madame et l'autre*", that is, " Monsieur, Madame and the third party."⁵ I want to explore the role of the third party in the workings of human desire and the self-constitution of the social order. I suggest that the third party is the key to the difficult issue of the embodiment of intersubjectivity and social cognition.

Some members of the British critical realist school, in particular economist Tony Lawson⁶, have discovered recently the existence of a French "Intersubjectivist" School of economics⁷, as they dubbed it. They contend that one could find in it the prolegomena to an ontological account of intersubjectivity. Although I am not (or rather, no longer) an economist, but a social and political philosopher, I have been cited as one of the scholars who lead the movement. It is in this capacity, I presume, that I have been invited to this prestigious conference. Another characteristic of mine that may prove relevant is the work that I have been carrying out over the last twenty years with the Chilean school of autopoiesis, in particular with one of its founders, the late Francisco Varela. Among other things, I have proposed an "autopoietic"⁸ reading of Hayek's social philosophy⁹. In the latest issue of *Transactional Viewpoints*, Daniel K. Palmer concludes his contribution, "The Transactional View and Autopoietic Biology", with the following words: "Relative to existing alternatives, the transactional and autopoietic

⁵ See René Girard's profound and delightful comment in René Girard, *A Theater of Envy: Shakespeare*, St. Augustine's Press; Reprint edition, 2004; see chap. XXIX on Joyce's *Ulysses*.

⁶ See Tony Lawson, *Economics and Reality*, Routledge, London, 1997; see also Tony Lawson, "Economics and Expectations" [reference to be found]; and Edward Fullbrook [Ibid.].

⁷ The French name is actually "Economie des conventions", by reference to the concept of convention elaborated by David Hume in the *Treatise* and taken up again by David K. Lewis.

⁸ For the sake of simplicity, since it is already known to the Transactional school, I am using here the term "autopoietic", although Francisco Varela was keen on reserving it to the case of a system capable of self-producing its own membrane. For the more general case of an "operationally closed" self-producing system, he would use the term "autonomous". An autopoietic system is an autonomous system, but the converse is not necessarily true. Social systems treated as self-producing should thus be called "autonomous", but not "autopoietic". German sociologist Niklas Luhmann did not respect this distinction either when he labeled social systems "autopoietic".

⁹ Jean-Pierre Dupuy, *Libéralisme et justice sociale*, Hachette, coll. Pluriel, Paris, 1997; "Mimesis and Social Autopoiesis. A Girardian Reading of Hayek", *Paragrana. Internationale Zeitschrift für Historische Anthropologie*, 4, 1995, Heft 2, pp. 192-214; "A Critique of Hayek", a paper presented at the Mont Pélerin Society General Meeting 1994, Cannes, France, 25-30 September 1994; published in the Proceedings, Mont Pélerin Society (ed.), *The Legacy of Hayek*, 1994.

viewpoints are close neighbors in a still lonely region of the contemporary conceptual landscape. Future elaboration of either viewpoint can only benefit from their ongoing dialogue.¹⁰ The present paper should be viewed as a contribution to this dialogue, although I'll have to explain in conclusion why I am not, and cannot be, an American pragmatist.

2. AT THE BEGINNING, THE TRIANGLE ALREADY WAS

2.1. The viewpoint of human desire

The original sin of mainstream economics, it seems to me, is its putting at the beginning the subject-object relationship, as if the object was always already fully constituted when the always already fully constituted subject approaches it. As far as beliefs and desires are concerned, the relation between subject and object is seen as a straight line. To be fair, Economics is not alone in this respect. Rousseau's notion of "amour de soi", the Hegelian-Marxist concept of need, the Freudian "object-related libido", analytic philosophy of action and many more, all partake of the same conception.

I want to challenge this conception, in the same way that Dewey and Bentley challenged all sorts of dualisms, including the subject-object dualism, that is, by showing that subject and object are *aspects* of a more inclusive activity incorporating them both. In Dewey's terms, the *transactional* procedure asserts "the right to see together, extensionally and durationally, much that is talked about conventionally as if it were composed of irreconcilable separates."¹¹ However, I want to do this from the viewpoint of *desire*, a perspective, as far as I can tell, that has been somewhat neglected by the pragmatist tradition. When Richard Rorty contends that "The relativity of descriptions to *purposes* is the pragmatist's principal argument for his antirepresentational view of knowledge" and suggests that "everything we say and do and believe is a matter of fulfilling human *needs* and *interests*"¹², none of the words that he uses, such as "purposes", "needs" or "interests", connote what I call here "desire". One could object that all those *namings* have a common purpose, and that what economists name "utility", "preferences",

¹⁰ Daniel K. Palmer, "The Transactional View and Autopoietic Biology", *Transactional Viewpoints*, Spring 2003.

¹¹ John Dewey & Arthur F. Bentley, *Knowing and the Known*, in R. Handy & E. C. Harwood (eds.), *Useful Procedures of Inquiry*, Behavioral Research Council, Great Barrington, Mass., 1973, p. 111.

¹² Richard Rorty, *Philosophy and Social Hope*, Penguin, 1999, p. XXVI-XXVII.

"satisfaction" or "ophelimity", others, such as analytic philosophers of action, call precisely "desires", as in the "beliefs-desires model of action". I disagree, and not only because, in Peter Godfrey-Smith's terms, "Pragmatism from some angles can look like the imposing of an austere work ethic on epistemic life: nothing is good in thought unless it is made to do some behavioral work"¹³, whereas "desire", in contrast with this obsession with usefulness, conjures up ideas of exuberance, gratuitous expense, profligacy, irrationality and even craziness. More fundamentally, the reason for my stressing the singularity of human desire is that it is essentially triangular. Such at least is the premise upon which I have grounded much of my work in the philosophy of the social sciences. Desire is essentially *mediated*, imitated on someone else's desire. I will often call this third party the *Mediator*¹⁴.

When I say, "At the beginning the Triangle already was", let there be no misunderstanding. The triangular structure of human desire is not an origin, and the vertices of the triangle – the subject, the mediator, and the object – are not pre-existing entities. It is only through their transactions that they mutually shape one another, giving the false impression that they were fully constituted from the start. The triangle is neither a reality nor a *Gestalt*. It is a structural model of intersubjectivity, and cannot purport to be a grounding of sort. I remain true here to the critique of "primordial thinking" that I have elaborated with Francisco Varela, and of which Elias Khalil writes, reading it in light of the transactional view: "Varela and Dupuy argue that the source of primordial thinking is the obsession with 'origins'. [...] The most interesting idea of Varela/Dupuy is that the emergent unit or totality is neither reducible to, nor separable from, the components. They view the organism as involved in self-production, what they call 'autopoiesis', in the sense that organisms construct their own organization. They maintain that the self-referential character of the organism is also found in the social order, monetary system, living entities, cognition, and language ... Varela/Dupuy's idea of emergent organization seems to avoid the quest for primordial entities along the self-actional or interactional approaches."¹⁵ Indeed, Francisco

¹³ Peter Godfrey-Smith, *Complexity and the Function of Mind in Nature*, Cambridge University Press, 1998, p. 110. Peter Godfrey-Smith adds, "However well this might characterize the views of other 'pragmatists', this is not a good description of Dewey's attitude." This book is an excellent attempt at revisiting Dewey's philosophy in light of the theories of complexity.

¹⁴ In keeping with René Girard's concepts and terminology in *Deceit, Desire & the Novel*, op. cit.

¹⁵ Elias Khalil, "Behavioral Economics and the Transactional View", *Transactional Viewpoints*, Winter 2003.

Varela and I concluded the introductory essay to our volume *Understanding Origins*¹⁶ with the following words:

"We thus submit that order and its origin may be thought of ... in a way that escapes both the temptation of ultimate grounding as exogenous references into an ultimate Reason or Truth, and the temptation of complete absence of any regularity and disconnection from any order at all. The key is in the discovery, for each case and in each domain but sharing in a common logic, of a morphogenetic process capable of self-grounding and self-distinction. An origin which is neither non-existent or elusive, nor ultimate ground or absolute reference."

The point I want to make here is that the triangular model, albeit alien to contemporary economic thought, can be found at the core of the systems elaborated by the three finest economists of all time – the Newton, the Einstein, and the Max Planck of the discipline: Adam Smith, John Maynard Keynes, and Friedrich Hayek¹⁷. It is not by chance that these three geniuses were much more than mere economists. More precisely, I want to show two things:

- The triangular model can generate the kind of morphogenetic processes that are capable of self-grounding and self-distinction. As far as human affairs are concerned, I would even venture to surmise that the converse is true, namely that the triangular model is the only one that has this capability; in other words, a necessary condition to escape the subject-object dichotomy is to introduce a third party – the so-called mediator.
- Unfortunately, resorting to that model is not a sufficient condition of success. Since he is one of the intellectual heroes of our meeting, I will mainly dwell on Friedrich Hayek's glorious and instructive failure on this score.

¹⁶ Kluwer, Boston Studies in the Philosophy of Science, 1992. The subtitle of the book is *Contemporary Views on the Origin of Life, Mind, and Society*.

¹⁷ As I have tried to show in my *Le Sacrifice et l'envie*, Calmann-Lévy, Paris, 1992.

2.2. Adam Smith's Third Party: the Spectator

In the case of Adam Smith's theatrical rendering of social life, the role of the Mediator is obviously played by the character Smith calls the "Spectator" – impartial, or not¹⁸.

As conceived by Smith, the human subject is radically incomplete. One could even go so far as to contend that he is a non-existent entity before his engagement in the world. He desperately needs his fellow men in order to be able to stake out his own identity. As for the object of his desire, it too remains undefined until some form of transaction takes place. What is Wealth for the supposed founding father of Economics? It is everything that is being desired by the Third party! An outstanding statement, to be sure.

But let me start with the beginning. At the very beginning of the 18th century, in his famous *Fable of the Bees*, Mandeville provoked a scandal by enunciating the central paradox of economic liberalism: it is "private vices" which produce "public benefits." The traditional virtues of temperance and moderation merely create an impoverished society, one in which scarcity leads to disorder and impotence. On the contrary, the liberation of the human passions—envy, covetousness, appetite for luxury, pride, and above all the most selfish one, vanity, defined as the love and pursuit of praise—makes it possible to develop industry and commerce and, by generating affluence, to produce a happy, well-ordered and stable society.

Some fifty years later, Adam Smith, a moral philosopher by profession, published his great treatise *The Theory of Moral Sentiments* (1759). This book examines the major systems of moral philosophy and devotes a long chapter to Mandeville's, condemning it as "licentious" and "wholly pernicious" in that it "take(s) away altogether the distinction between vice and virtue." In essence, Smith's principal complaint against Mandeville is that the latter played on words. What he called private vices are in fact moral sentiments that remain perfectly virtuous when maintained at a

¹⁸ In this section, I sum up my work on *Das Adam Smith Problem*, i.e. the apparent contradiction between his two major works, *The Theory of Moral Sentiments* and *The Wealth of Nations*. See Jean-Pierre Dupuy, "De l'émancipation de l'économie: Retour sur "Das Adam Smith Problem"", *L'Année Sociologique*, **37**, 1987, pp. 311-342. A much shortened English version has been published as "A Reconsideration of *Das Adam Smith Problem*" in P. Saint-Amand (ed.), "Autonomy in the Age of the Enlightenment", *Stanford French Review*, 17-1, 1993, pp. 45-57.

reasonable degree and become vicious only outside certain bounds. Take what Mandeville called vanity: this for him is anything referring to the sentiments of *other people* (third parties!). Now, Smith says, the "love of virtue" and the "love of true glory", which are the two "noblest and best passion(s) in human nature", also refer to other people's sentiments—if not to what they are really, at least to what they should be if the third party were an "Impartial Spectator", applauding only what deserves applause. Vanity begins only when we desire and seek from others praise that we do not deserve. Thus, even if there is "a certain remote affinity between them"¹⁹, insofar as both involve the presence of third parties, the "love of true glory" and vanity could be equally branded as vices only through rhetorical sleight-of-hand.

Smith's biting criticism of Mandeville is understandable when we recall that Smith is heir to what has been dubbed the "sentimental revolution" occurring in Scotland at the start of the 18th century, in reaction against the "cynics" of the 17th century—chiefly Hobbes. The "cynics" held that everything in man, including pity, is motivated by selfishness. Mandeville fits right into this tradition. In contrast, the optimistic view of human nature promulgated by the "Scottish Enlightenment" emphasizes men's natural disposition towards compassion, benevolence and pity. Francis Hutcheson, Smith's mentor at Glasgow, taught that there is in humanity an innate tendency towards "universal benevolence", and his ethical system derived all the virtues from this irresistible propensity for compassion. Smith himself, in *The Theory of Moral Sentiments*, depicts the moral and social world as resting on a single principle: *sympathy*.

At this point we need to take time out. Everything that I have said up until now is, to my mind, perfectly accurate. And yet, if I were to stop here, it would be utterly incomprehensible from the point of view of the history of Thought as it is usually written. Isn't Adam Smith known as the founder of political economy, that system in which individuals impelled by self-love pursue their self-interest, contributing to the common good only unconsciously and unintentionally, as if an "invisible hand" automatically realized collective harmony? And most of all, isn't Mandeville generally presented as Smith's far-sighted forerunner?

This problem, which German philosophy has christened "*das Adam Smith Problem*", is that of the apparent inconsistency between *The Theory of Moral Sentiments* with its cornerstone of sympathy, and *The Wealth of*

¹⁹ Adam Smith, *The Theory of Moral Sentiments*, ed. D.D. Raphael and A.L. Macfie. (Oxford: Oxford Univ Press, 1976) 308-310.

Nations with its central concept of self-love. The solution generally admitted today is to preserve the consistency of the theories by claiming a "specialization" of domains — in the sphere of moral sentiments, sympathy reigns supreme; in that of the economy, selfishness has the field to itself²⁰. I have proposed a new solution, which also preserves the consistency of the theories, but on a basis quite distinct from that of "specialization." I am now able to formulate this solution in terms of the "triangular model", as I will try to demonstrate briefly here.

The first error to be rooted out is that of confusing sympathy with benevolence, and self-love with selfishness, a dual misconstruction that leads to the judgment that sympathy and self-love are incompatible. Now, it is possible to show that in Smith's text, self-love is in reality the reflexive modality of sympathy.

Sympathy is the impulse that causes us to imagine ourselves in another's place and thereby to experience sentiments in accord with his. When this takes place, we morally approve the other person's conduct; without it, we disapprove. In the case of an actor, the accord he perceives between the spectator's sentiments and his own is essential; he adjusts his conduct to maximize it. He imagines himself in the place of the spectator imagining *himself* in his own place. And he sympathizes with (approves) his own conduct only insofar as he perceives that the spectator also sympathizes with it (approves it). *The means of reflexivity is the gaze of the spectator*. Sympathy is in the end a form of imitation or contagion of sentiments, but contrary to what the theatrical metaphor suggests, it is not the spectator who imitates the actor, but *the actor who imitates the spectator*.

But who is this spectator? Let's not forget that sympathy requires the help of the imagination. The actor, not having access to the real sentiments of the spectator, puts himself in the latter's place via his imagination. It matters little, then, whether the spectator is actually present. When the spectator's position is empty, the actor occupies it by an imaginary duality — he observes himself as would an "impartial" spectator. This is the conscience, which Smith also calls "the man within." In this context, self-love is a virtuous passion, in no way to be confused with selfishness. We love ourselves only to the extent that the "Third party" (the impartial spectator) loves us, or, to the extent that we can sympathize with the fact that "he" sympathizes with us. Self-love then assumes the form of a stoic virtue, of self-command, of controlling one's passions in such a way as to win the sympathy of the "man within."

²⁰ Cf., for example, Louis Dumont, *Homo Aequalis*. (Paris: Gallimard, 1977) 83.

This is the heart of the criticism that Smith addresses to Mandeville— the presence of the Third Party or Mediator is not sufficient to turn virtue into a vice. And yet, this is the point at which his system self-deconstructs. For suppose that instead of the "man within," there were a "man without," a flesh-and blood spectator, and that the actor were more desirous of being praised and admired than of *deserving* praise and admiration. The actor would know that there are more expeditious ways of winning praise. Self-love here takes the form of self-interest, of the economic motive, the desire to improve one's material condition, to increase one's wealth. Not because the riches acquired would be in themselves a source of satisfaction —as a good Scot, Smith has no words harsh enough to express his scorn for this notion — but because they would have the property of attracting to their possessor the sympathy of those who lack them. These people mistakenly attribute virtues to wealth that it does not have. But it is because they are mistaken, and because they covet it, that in the end they are *not* mistaken. Wealth indeed has the virtues with which it is credited, but only because it *has been credited* with them. It is this fool's game, a giant variation on the theme of sympathy, that generates the Wealth of Nations and what we call the economy — but not without causing grave harm to morality.

This last point haunted Smith all his life, leading him to include, in the last edition of *The Theory of Moral Sentiments*, just before his death, a new chapter significantly entitled "Of the corruption of our moral sentiments, which is occasioned by this disposition to admire the rich and the great, and to despise or neglect persons of poor and mean condition." Through a detailed textual analysis, I have shown how Smith ended up, despite himself, with a system which is essentially the same as Mandeville's: a mixture of self-love and envy produces public prosperity.

How is this possible — how can sympathy, which joins sentiments together, engender envy, which implies sentiments in conflict? Quite easily, through the following mechanism. Self-love, as we saw, is reflexive sympathy, turned back upon itself. Applied to relations with "objects," this principle gives us: "I only judge an object 'desirable' insofar as the third party (the man without) judges it so; in order to desire this object, I need to display it to attract the desire of others." I succeed thereby in garnering the sympathy of my spectators (and in feeding my self-love) but this sympathy cannot be distinguished from its opposite: envy.

Let me sum up. In the sphere of moral sentiments, sympathy is the fundamental principle. Envy, its negation, is born out of a deviation of this general principle, when the attention directed to third parties goes beyond its proper bounds (this is the criticism addressed to Mandeville). In the devalued sphere where the moral sentiments are corrupted and the economic motive emerges, the hierarchy is reversed and envy becomes the dominant principle. But this economic sphere, relegated to a secondary level, is not a specialized zone where general principles no longer hold; it too is governed by the principle of sympathy. What we are dealing with, then, is indeed the reversal of a hierarchical opposition *within* itself. That is the very figure that Francisco Varela and I have disclosed as the one that characterizes an "autopoietic"²¹ system.

3. HAYEK AND KEYNES ON THE LOGIC OF IMITATION

3.1. Why the Mind is not in the Head²²

I will now concentrate on Hayek's notion of imitation which, like the concept of spontaneous social order, links him to the great tradition of the Scottish Enlightenment, the fertile soil from which political economy developed. I propose to compare Hayek and his celebrated adversary, Keynes, on this question of imitation. It is well known that the two economists were on opposite sides of the economic policy debate of the thirties over the respective roles of market dynamics and state intervention in the occurrence of disequilibria. Never to my knowledge has it occurred to anyone to compare their conceptions of the role of imitation in market functioning. It is not hard to understand why not. Hayek himself became aware of its importance only gradually, bringing it to the fore in his final book. As for Keynes, his remarks on the relations between imitation and rationality are found in his theory of financial speculation, a chapter of the *General Theory* that until recently was not taken seriously. The past several years, however, have seen an impressive blossoming of studies more or less directly inspired by Keynes's intuitions. The work of the French "Intersubjectivist" School has a prominent place in this trend, and I will refer in particular to the research of André Orléan.

²¹ One should read here "autonomous". See comment above.

²² The title of this section is a tribute to the as yet unpublished posthumous book of Francisco Varela, written in collaboration with Evan Thompson, that will (in principle) bear this title.

Let me first of all recall the prominent role Hayek gave imitation in his philosophy of mind, especially in his last book, *The Fatal Conceit*²³. The mind is made up of abstract schemata which are a kind of "habitus", dispositions to think and to act in accordance with rules. These schemata constitute an "*a priori*" (Hayek readily acknowledges his Kantian heritage) but this *a priori* is not transcendental, nor is it innate or genetic. "What we call mind," Hayek writes, "is not something that the individual is born with, as he is born with his brain, or something that the brain produces, but something that his genetic equipment (e.g. a brain of a certain size and structure) helps him to acquire, as he grows up, from his family and adult fellows by absorbing the results of a tradition that is not genetically transmitted."²⁴ *This absorption that constitutes learning takes place through imitation.* Of the ability to learn by imitation, Hayek observes that it is "perhaps the most important capacity with which the human individual is genetically endowed, beyond innate responses."²⁵ The history of civilization is precisely that of the transcendence of innate responses by cultures and traditions, which impregnate the mind thanks to the faculty of imitation.

The sociobiologists' error is to think that the abstract schemata which constitute the mind are transmitted by the genes. The opposite error--the one Hayek calls the "fatal conceit"--is to believe that they result from the exercise of reason. Hayek's entire *œuvre* is based on the recognition of the insurmountable limits of human reason. The denunciation of philosophical doctrines that ignore these limits returns like a *leitmotiv*. Hayek is located squarely within the tradition of the Scottish Enlightenment: "sympathy," contagion, imitation come before reason. The French tradition, at least the one that runs from Descartes to the Saint-Simonism of the Ecole Polytechnique, is unceremoniously skewered under the rubric of "constructivist rationalism." The latter's error is essentially of an epistemological nature. This leads us to Hayek's theory of knowledge.

Human knowledge is at once fundamentally practical and fundamentally abstract. That is because it is embodied in the abstract schemata that compose the mind and manifests itself through the rules that guide our actions, quite often without our realizing it. It is a knowledge made up of *savoir-faire*, of "know-how," as opposed to a propositional knowledge,

²³ Friedrich Hayek, *The Fatal Conceit, The Errors of Socialism*, University of Chicago Press, 1988.

²⁴ *Fatal Conceit, op. cit.*, p. 22.

²⁵ *Ibid.*, p. 21.

one which "knows that," to employ Gilbert Ryle's classic distinction. Or, to cite two other thinkers writing in the same spirit, it is "tacit" knowledge in Michael Polanyi's sense, "traditional" knowledge in Michael Oakeshott's sense. In order to function in the physical and social world, we need to adapt to a mass of singular facts which it is utterly impossible for us to grasp in their totality and their interrelations. As a paradox that is merely apparent would have it, only our capacity to act in accordance with abstract rules of which we have no "knowledge," in the sense that we could not produce a theory of them, gives us the ability to accomplish this necessary feat. If, every time we acted in the world, we had to reason in the manner the "constructivist rationalists" require, proceeding from clear and distinct premises in syllogistic fashion, we would be unable to function unless we were gods endowed with the gift of omniscience. What saves us is our capacity to imitate. That is what permits us to "absorb" the rules of the "tradition" to which we belong. And these rules, the fruit of collective experience, constitute a body of knowledge that is at our disposal even though we are unable to render it explicit.

"Tacit" knowledge truly is knowledge, but of a kind that is "not conscious." We *know* the rules that constitute our mind inasmuch as we are able to recognize them. The recognition in question is analogous to what in artificial intelligence is called "pattern recognition." Every human being has, for example, a linguistic competency that allows him to articulate a potentially infinite number of well-formed sentences. He immediately recognizes any mistake in syntax. But, even if he is Chomsky, he will often be at a loss to present the motivation for his judgment in the form of deductive reasoning. This type of knowledge may be called unconscious because it is incorporated in the mind and not produced by it. "The mind does not so much make rules as consist of rules of action," writes Hayek; and again: "we can make use of so much experience, not because we possess that experience, but because, without our knowing it, it has become incorporated in the schemata of thought which guide us."²⁶ The system of rules that constitutes the mind is unconscious, not because it is located at too low a level, like the Freudian unconscious, but because it is located at too high a level for consciousness to appropriate it: "[S]uch processes [are] not 'subconscious', but 'superconscious', because they govern the conscious processes without appearing in them."²⁷

²⁶ *Law, Legislation and Liberty*, vol. 1, *Rules and Order*, London, Routledge & Kegan Paul, 1973, pp. 18 and 30-31.

²⁷ In A. Koestler and J.R. Smythies (eds.), *Beyond Reductionism*, London, Hutchinson, 1969, p. 319. Elsewhere Hayek speaks of "meta-conscious mechanisms."

The "fatal" error of rationalist constructivism is to believe that reason, conscious and deliberate, can govern the mental and psychic life. The opposite is true: like everything that makes up the life of the mind, reason is itself governed by the abstract schemata that compose the latter. Reason, the world of our ideas in general, does no more than "supervene" the world of the mind, to use a key notion from analytic philosophy of mind. How presumptuous to imagine that it could *reconstruct* the mind as it wishes or even substitute itself for it! The mind is irremediably opaque to itself; it cannot go outside itself to contemplate itself as a whole and to theorize its own functioning. Hayek sometimes employs arguments of the Gödelian or Cantorian type to suggest that this impossibility, being logical in nature, is insurmountable.

To conclude the discussion of Hayek's philosophy of mind, we must underscore the prodigious efficiency of the faculty of imitation when it comes to information management and utilization. Neither instinctual programming nor the exercise of reason could equal it. It has the power to endow individuals with knowledge which nevertheless transcends them by virtue of being incorporated in a tradition and by being impossible for any individual consciousness to recapitulate. "Between instinct and reason": that is where one finds tradition, absorbed by imitation; that is also where one finds the key to Hayek's social philosophy.²⁸

3.2. The radical ambivalence of imitation: Rationality and Mythopoesis

What seems to be a fundamental contradiction should strike any reader of Hayek from the outset. All through his writings, the Austrian economist marvels at that wonder of social self-regulation that is the market. It automatically finds the path of its equilibrium, and this equilibrium is an efficient social state. What gives the market its capacity for self-organization? The answer lies in the negative feedback mechanisms that automatically go into play as soon as an agent departs from equilibrium behavior. The penalty that he incurs (falling revenues, bankruptcy, etc.) obliges him either to quit the "catallactic" game or to respect its rules. Hayek bases himself precisely on the need to leave these mechanisms freedom of action in order to turn back against the partisans of social justice the accusation of conservatism often made against him. The State which intends, in the name of this ideal, to oppose the sanctions of the market by nibbling away at successes and compensating failures, freezes

²⁸ Hayek, *The Fatal Conceit*, op. cit., p. 23.

accumulations of wealth and stabilizes differences in income at the same time that it derails the economic engine.

Simultaneously, as we saw, Hayek emphasizes the role of imitation in his philosophy of mind. Now, it is well known that imitation is eminently productive of *positive* feedback, a major source of dynamic instability. The vast majority of market theorists are oblivious to imitation. There are profound reasons for this. What is at stake here is both the conception of the modern individual and that of the social order. The independent and self-sufficient individual posited by economic theory is not supposed to be subject to the influence of his peers. The collective phenomena of which the market is the framework are not supposed to have anything in common with the crowd phenomena and the contagion of sentiments and acts of which they are the theater. And yet, Hayek gives imitation a central role. To be sure, as I have said, he is not alone: Smith (as we saw) and Keynes (as we shall see) do the same. The company is not negligible. Nevertheless, the question remains: how can Hayek reconcile his unshakable faith in the market's capacity for self-regulation and his acute perception of the importance of imitation? Indeed, the problem is much broader since it concerns not only his theory of the market, but also his theory of cultural evolution, which likewise associates competition, imitation and efficiency. In what follows, I will not always distinguish these two levels of analysis. The formal properties are essentially independent of the level. Moreover, for Hayek the market pursues the work of cultural evolution by other means.

In order to grasp clearly the nature of the problem that imitation poses for any theory of social self-regulation, consider the following elementary model. Two subjects A and B reciprocally imitate each other. The object of their mutual imitation is of indeterminate nature. But suppose that a rumor leads A to believe that B desires (seeks, wants to buy, places confidence in, hopes for, etc.) an object O. A now knows what he needs to desire (respectively: to seek, etc.): he then takes the initiative himself in such a way that his own action brings the object O to B's attention, and when B manifests in turn his interest in O, A has proof his initial hypothesis was correct. His representation, as implausible as it may have been *a priori*, has been *self-realized*. This phenomenon where *an objectivity or exteriority emerges through the closure upon itself of a system of actions all imitating one another* gathers strength as the number of actions rises. The most absurd rumors can polarize a unanimous crowd upon the most unexpected object, everyone finding proof of its value in the eyes or gestures of all the others. The process unfolds in two stages: the first is a mirror game, specular or speculative, in which everyone

watches for signs of the coveted knowledge in everyone else, until they all end up being propelled in the same direction; the second stage is the stabilization of the object that has emerged as the arbitrariness inherent in the conditions of its genesis is forgotten. The unanimity that presided at its birth projects it for a time outside the system of actors, who, all looking in the direction that it indicates, stop searching for clues in one another's gaze.

This phenomenological description of the world of imitation can be sharpened and confirmed by mathematical modeling. A very active branch of formal economics is today exploring the role of what it calls interpersonal influences in economic activity. We know enough about this subject, however, to appreciate how far removed this mimetic universe is from the ideal market. Contrary to what one might have thought *a priori*, and to what many authors have indeed thought, generalized imitation produces something rather than nothing. It creates self-reinforcing dynamics that converge so resolutely on their target that it is difficult to believe that this convergence is not the manifestation of an underlying necessity, in the manner of a mechanical or thermodynamic system returning invariably to its equilibrium state after straying from it under the effect of some perturbation. Yet one sees that the concept of equilibrium, which the theory of the market imported from rational mechanics, is absolutely unsuited to characterize the "attractors" of mimetic dynamics. Far from expressing an implicit order, they spring from the amplification of an initial disorder, and their appearance of pre-established harmony is a mere effect of unanimous polarization. They are condensations of order and disorder. The mimetic dynamic seems to be guided by an end that pre-exists it--and that is how it is experienced from the inside--but it is in reality the dynamic itself that brings forth its own end. Perfectly arbitrary and indeterminate *a priori*, it acquires a quality of self-evidence as the vise of collective opinion tightens. There is no other way to determine the result of the mimetic dynamic than to let it proceed to its conclusion. It is a random procedure that takes on an aura of necessity.

In coming to an equilibrium, the economists' ideal market is supposed to reflect an external reality. The prices express objective, "fundamental" values that synthesize information as diverse as the availability of techniques, the scarcity of resources or the preferences of consumers. The mimetic dynamic for its part is completely closed upon itself. In that sense, it can be said to be "*autopoietic*". The attractors that it generates are not in any relationship of correspondence with an external reality, they simply reflect a condition of internal consistency: the

correspondence between *a priori* beliefs and *a posteriori* results. The mimetic attractors are self-realizing representations.

Generalized imitation has the power to create worlds that are perfectly disconnected from reality: at once orderly, stable, and totally illusory. It is this "*mythopoetic*" capacity that makes it so fascinating. If there are hidden truths somewhere to be discovered, one must not count on mimetic dynamics to disclose them. If it is real-world efficiency one is looking for, it is again better not to have to depend on them. Efficiency and the capacity to reveal hidden information: those are two properties that economists readily attribute to the ideal market. The distance between the latter and the mimetic process seems insuperable.

The clinical picture of the imitative logic is in its essentials already present at the stage of a very simple model in which the mimetic connections between agents are given and remain fixed throughout the whole process: the probability that a given agent imitates another given agent is a constant, possibly null.²⁹ Phenomenologically, we know that this hypothesis is too restrictive and that the mimetic dynamic has the ability to modify the structure of its own connections: one subject has all the more chances of being imitated by another given subject if he is already imitated by many other subjects. An opinion's power of attraction increases with the number of individuals who share it. One can see that if this is the case, the effects of mimetic polarization are accentuated accordingly. It may seem, however, that such hypotheses depend too much on the irrationality of crowd phenomena. In fact, research in recent years has shown that they correspond to forms of behavior that are individually rational. Several possibilities may be envisaged. There are cases where the personal advantage that an individual derives from joining the mass grows *objectively* with the size of the latter. This hypothesis is today a commonplace in the economic literature that deals with the choice of techniques.³⁰ As a technique spreads, more is learned about it and it develops and improves; the more users there are, the richer and more diversified the selection of products becomes; production costs diminish, and so does the risk of failure. In these conditions the

²⁹ See the model presented by André Orléan in "Money and Mimetic Speculation," in P. Dumouchel (ed.), *Violence and Truth*, Stanford University Press, 1988. Under certain conditions, it is demonstrated that the imitative dynamic converges toward unanimity of the group. These conditions reflect the fact that there is an effective interdependence among all the agents; in other words, very few probabilities p_{ij} are null, p_{ij} being the probability that the agent i imitates the agent j .

³⁰ Cf. W.B. Arthur, "Competing Technologies: An Overview," in R. Dosi et al. (ed.), *Technical Change and Economic Theory*, London, Pinter Publishers.

competition between rival techniques displays features which distinguish it markedly from the "perfect competition" of economists. The first is the multiplicity of "equilibria" (the term is still used by historians of technology but, as we have seen, it is completely improper: it would be better to speak of "attractors"). The "selection" of one among them cannot be determined by deduction from the formal structure of the problem; it is the actual history of events, with its contingencies, fluctuations, and random turns, especially those affecting the system's first steps, which are responsible. One concept plays a crucial role here, that of "*path-dependence*." We are poles away from Le Chatelier's principle, a thermodynamic reference still popular with theorists of the market who want to laud the latter's capacity to neutralize perturbations which affect it. The evolution of such a dynamic is highly unpredictable. There is obviously no reason for the selection that it accomplishes to be the most efficient one. If a certain technique is favored by chance at the outset, it will benefit from a "selective advantage" that it will maintain and amplify as the number of users grows. It may end up dominating the market even though another technique would have shown itself to be more advantageous for everyone if only chance had selected it from the start. Technological evolution thus has a strong propensity to get locked into undesirable paths from which it is harder and harder to remove it. Chance, selection, "order through fluctuation," self-organizing process: all of these terms used today by historians of technology define a theory of evolution that has only the remotest kinship with neo-Darwinism. The same troubling question thus recurs here in a new form: apart from his ideological biases, what right has Hayek to ignore a type of evolutionary process that rests on imitation and mobilizes the whole gamut of concepts that he himself champions? Is it simply that he would have been forced to give up the conclusion that cultural evolution has any kind of optimizing function?

The foregoing hypothesis may seem too restrictive. In many cases, it is not true that the objective advantage derived from joining the mass increases with the size of latter. In the case of a culture or tradition in Hayek's sense, for example, one does not see why that should be the case. There exists however a more general reason to go with the majority: uncertainty. If one does not know what is good or what is true, it is rational to imitate others: there is a chance that they know, and by following their lead, one will benefit from their knowledge. Many economic models of what are called "rational expectations" confirm and elaborate this intuition. If the imitated agents really do know what's what, the uninformed agents can accede to their knowledge, even if only indirectly through the intermediary of prices, whose role becomes that of

disclosing hidden information.³¹ The rationality of speculative behavior--the behavior of the speculator, but also of those who take him as their model--rests on this mechanism. Hayek adopts this optimistic vision. But what happens if the agents who serve as models are not themselves in possession of the coveted information? Or, a case at once subtler and perhaps more frequent, what if they know without being sure of their knowledge? *They will themselves be encouraged to imitate those who imitate them.* We have already encountered this specular redoubling of imitation in the case of Smithian sympathy. The meaning was different, to be sure. It is nonetheless certain that we have here, at a formal level, a general law of imitative logic: it inevitably leads to these mirror games and other dizzying *mises en abyme*. What remains to be understood is how or why Hayek seems to avoid them.

André Orléan has shown that the same models of rational expectations that serve to formalize the progressive unveiling of accurate information, if it exists, and the unanimous convergence of the agents on the optimal behavior, can just as easily depict an effect of polarization on *any* single arbitrary value when the agents, in the grip of uncertainty, seek a remedy in reciprocal imitation. Between the equilibrium and the self-realizing representation, there is no *formal* difference. Yet an abyss separates these two worlds as far as their meaning is concerned.³²

It cannot be emphasized too often--and Hayek is the first to do so--that in the face of the social world's complexity imitation is the rational form of access to knowledge. But imitation is also, simultaneously, the source of all illusions--and this is the tragic side of the human social condition that Hayek does not want to see. A very simple model from André Orléan will suffice to illustrate this fundamental dilemma.³³ A key variable of the social system under consideration (for example, the future value of a security) is assigned an objective uncertainty--of the "meteorological" type. In a world where the representations were adequate to the external reality, the diversity of opinions concerning the value of this variable should correspond to the objective distribution of probabilities characterizing it. However, each agent is able to base his opinion on two sources of information: his knowledge of the probabilities, but also

³¹ A general demonstration of this result can be found in S. Grossman, "On the Efficiency of Competitive Stock Markets where Traders Have Diverse Information," *The Journal of Finance*, vol. 21, no. 2, May 1976.

³² Cf. André Orléan, "Mimétisme et anticipations rationnelles: une perspective keynésienne," *Recherches économiques de Louvain*, vol. 52, no. 1, 1986.

³³ André Orléan, "Le rôle des influences interpersonnelles dans la détermination des cours boursiers," *Revue économique*, no. 5, September 1990.

observation of the distribution of opinions (such as it is reflected, for example, in the current market price of the security). Except in the case where he has absolute confidence in his apprehension of the objective probability, it would be irrational on the agent's part not to take into account the opinion of others: their opinion is based on observations that the agent has not directly made, but from which he may benefit indirectly by re-evaluating the probability (for example, using Bayes's formula) on the basis of existing opinions. The agent's reasons for proceeding in this manner are all the more sound in that he knows what *we* are in the process of demonstrating: namely that the very process of seeking information about a probability modifies it. If many opinions lean in a certain direction, they will pull the probability in the same direction. A key element in the agent's evaluation procedure is the relative confidence that he puts in his knowledge of objective factors compared to that which he places in the opinion of others. What we have just seen implies that this opinion will carry more weight the closer it is to unanimity. In these conditions, the distribution of opinions *evolves* in the course of time in *recursive* fashion: the evolutionary process perpetually feeds off its previous results, its determination is self-referentially closed. It is an "autopoietic" process. Question: can its limiting states be characterized? André Orléan has shown that there exists a critical value of the relative confidence that agents place in their knowledge of the objective probability such that, below this value, the distribution of opinions becomes totally disconnected from that objective probability. Average opinion becomes in a sense the principal cause of itself and it can converge on values that are stable but completely arbitrary. This collective narcissism is a source of aberrant behavior even though it rests on individual strategies of information seeking and use which are, it should be emphasized, perfectly rational.

Most of the intuitions that guide these models come from Keynes. In his study of financial speculation,³⁴ Keynes, like Hayek, sees the fundamental role of imitation. In a situation of radical uncertainty, such as the one prevailing in a financial market in crisis, the only rational form of conduct is to imitate others. A first reason brings into play the cognitive mechanisms that André Orléan's model formalizes: "Knowing that our own individual judgment is worthless, we endeavor to fall back on the judgment of the rest of the world which is perhaps better informed. That is, we endeavor to conform with the behavior of the majority or the

³⁴ Cf. J.M. Keynes, *The General Theory of Employment, Interest and Money*, London, Macmillan, 1936.

average."³⁵ However, Keynes is sensitive to an aspect of imitation as a procedure for the discovery of information which Hayek obstinately ignores: its *ambivalence*. Take the case of an expert who, for his part, knows a given security's objective worth as a function of the probable dividends it will bring. Say that he observes its going rate to be seriously undervalued. Can he ignore the opinion of the ignorant? No, replies Keynes, for our expert cannot be assured that life's vicissitudes will not one day oblige him to liquidate his portfolio. And in that case it is at the market price that, *volens nolens*, he will have to do so: "For it is not sensible to pay 25 for an investment of which you believe the prospective yield to justify a value of 30, if you also believe that the market will value it at 20 three months hence."³⁶ It is too risky to depart from the majority evaluation. As Orléan remarks, "One cannot be right against the crowd."³⁷ This second reason to resort to imitation puts the expert in the same boat as the ignorant. Note that it brings into play a mimetic rationality based on "objective" considerations and not just "cognitive" ones: an individual's interest is better served when he falls into line with the mass.

All of this is forgotten by Hayek in his purely optimistic vision of the role of speculation. The speculator will only fulfill his social function as a seeker after accurate information if he is encouraged to do so. But he is only encouraged to do so if the market adopts, somewhat later of course, the same evaluations that he does. Suppose that the speculator judges a certain piece of information not to be relevant to the estimation of the "underlying" or objective value of a security, but that he thinks the market, for its part, is going to consider it relevant. The information in question will be the basis for speculative behavior. This is what André Orléan has called the "Reagan effect," with reference to the following anecdote.³⁸ On a December day in 1987, President Reagan declared that, in his view, the dollar had fallen too low. No broker gave the least credence to the president's economic judgments. And yet, most of them bought dollars as soon as they heard the news. Irrational? No, because they expected that others would do the same, which would push up the price of the currency. Since these expectations were effectively fulfilled, we are justified in speaking of "rational expectations," even though the movement of the market reflected no external reality.

³⁵ J.M. Keynes, "The General Theory of Employment," *Quarterly Journal of Economics*, vol. 51, no. 2, February 1937, p. 214.

³⁶ *General Theory*, *op. cit.*, p. 155.

³⁷ A. Orléan, "Mimétisme et anticipations rationnelles: une perspective keynésienne," *loc. cit.*

³⁸ A. Orléan, "L'autoréférence dans la théorie keynésienne de la spéculation," *Cahiers d'économie politique*, no. 14-15, 1988.

It follows that the smart speculator is not the one who is the first to discern relevant information concerning the fundamentals of the market. Speculation becomes, in Keynes' words, "the activity of forecasting the psychology of the market." The smart speculator is the one who is able to "guess better than the crowd how the crowd will behave."³⁹ The speculator is like the snob: he wants to be the leader, the beacon of the masses; he is in their tow. Far from being the model imitated by all, he is the model of all the imitators. Result: the speculative market is like a crowd, Keynes writes, in which each "is endeavoring to copy the others."⁴⁰

I will now come back to my original question: how can Hayek avoid such cheerless conclusions, given that his social philosophy is based on a philosophy of mind in which imitation plays the starring role? Quite simply. Consider a universe where everybody imitates everybody else, with the exception of a single individual who imitates nobody. It is easy to demonstrate that this individual will become the keystone of the system in that everyone will end up imitating him and him alone.⁴¹ Let us make one more assumption: this individual imitates nobody because he knows he is right. Then we have an evolutionary process that acts as a very efficient discoverer and propagator of information. We encounter once more this troubling property of imitation that we have noted so many times, namely its ambivalence. It is efficient if the correct information is present somewhere and recognized as such, but otherwise it becomes a source of illusions and waste. *The problem is that it is impossible from inside the system to know in which of the two cases one finds oneself.* To overcome this undecidability, it is necessary to resort to an exteriority. When the evolving path arrives at "truth" or "efficiency," a buzzer must go off signaling "look no further"--in other words, "stop imitating." The *self-exteriorization* produced by generalized imitation will only manifest its optimizing virtue within the framework of a genuine exteriority. Without an authentic transcendence to guide it, self-transcendence is liable to take a wrong turn and get thoroughly lost. If we are talking about the cultural evolution of humanity, the question is obviously what status to give to this transcendence and who may speak in its name. There is no way to avoid prophets here and the foremost prophet, of course, goes by the name of Hayek.

³⁹ *General Theory, op. cit.*, pp. 157-158.

⁴⁰ J.M. Keynes, "The General Theory of Employment," *loc. cit.*

⁴¹ This property is a trivial consequence of the theorem demonstrated by A. Orléan in "Money and Mimetic Speculation," *loc. cit.*

3.3. Dissolving contradictions in Absolute knowledge

The exegetes and critics, even the most favorably disposed among them, have discovered in Hayek's writings what they believe to be major contradictions. We are now in a position to view these in a new light. To tell the truth, the contradictions vanish, but only to make way for what turns out to be a perfectly arbitrary act of faith.

Certain commentators see a contradiction at the very heart of the theory of cultural evolution. On the one hand, Hayek presents it as a self-organizing process, unfolding beyond human consciousness and will; but he also asserts that the mechanism that selects the systems of abstract rules rests mainly on imitation. Does not imitation imply, on the part of the groups that imitate a tradition which originally is not their own, an awareness of the latter's superiority and a desire to adopt it for that reason? Are not this awareness and this desire the condition for the efficiency of the evolutionary process? Hence the supposed contradiction.⁴² If such were really Hayek's conception, his inconsistency would indeed be serious. For his entire philosophy of mind is opposed to this interpretation of imitation as the result of a conscious calculation and a deliberate choice. The imitation of rules of conduct is fundamentally blind: "Most people can, after all, recognise and adapt themselves to several different patterns of conduct without being able to explain or describe them."⁴³ The condition for the efficiency of cultural evolution is therefore not that those who imitate another tradition are aware of what they are doing. It is that those who, by chance, stumble onto the "right" tradition stick with it and stop imitating others. It is thus not those who imitate, but those who do not imitate, who embody the consciousness of evolution. The problem is that this consciousness must come to them from the outside. The tragedy of the West, according to Hayek, is that having discovered the extended order of the market and the liberal principles that govern it, it was unable to recognize their superiority and immediately abandoned them in favor of the constructivist illusions. There is no contradiction, there is rather a very great consistency on Hayek's part in suggesting that the rejection of liberalism and the rise of interventionist governments are an "error" that has spread by *contagion*.⁴⁴

⁴² Cf., for example, Bernard Manin, "F.A. Hayek et la question du libéralisme," *Revue française de science politique*, vol. 33, no. 1, February 1983.

⁴³ F. Hayek, *The Fatal Conceit, op. cit.*, p. 78.

⁴⁴ See for example F. Hayek, *The Road to Serfdom*, Chicago, Chicago University Press, 1944.

Like Keynes, Hayek recognizes here that generalized imitation can be the best or the worst of things. For it to be the best, it needs a guide on the outside to bring it to a halt once it has finally, if blindly, found the truth. One could not imagine a more depressing spectacle for Hayek than that of a progressive Western intellectual seeking salvation from a Middle-Eastern theocracy; there was probably nothing crueller for him than the supposed current abandonment by American universities of the values of the West in favor of third-world or minority cultures... In the face of these renunciations, Hayek stubbornly asserted the necessity of defending liberty *dogmatically*.

Nearly all the commentators are alert to what seems to be the major contradiction in Hayek's social philosophy. I mean the status of the demonstration establishing the absolute superiority of the market. This demonstration rests in principle on the theory of cultural evolution. Only the abstract orders that pass through the filter of evolution can lay claim to the loftiest rank, whatever the criterion of the competition: efficiency, justice, liberty, utility, the reproduction and expansion of life, etc. In particular, never could the human mind or reason conceive orders as complex as those selected by evolution. The problem is obviously that Hayek could hardly claim that the market had passed the test since all his work presents itself as a radical and, one wants to say, "rational" critique of modern civilization, guilty of letting itself be seduced by the sirens of constructivism. His critics therefore concluded that Hayek had to do one of two things. Either he should give up his theory of cultural evolution and found the superiority of the market on rationalist arguments, or else, if he maintained that theory, he needed to admit that the extended order of the market is not the best. This supposed contradiction, or at any rate this tension, colors the entirety of his output and gives it its peculiar tonality, a *mélange* of traditionalist conservatism and critical radicalism. On one hand, it is asserted that critical rationalism quickly reaches its limits for it can only be exercised within a tradition that remains beyond criticism; on the other hand, condemnations are showered down upon contemporary civilization in the name of an ideal of liberty which, as Hayek was the first to say, may have existed in thought but never in fact. John Gray⁴⁵ rightly notes that the most diametrically opposite ideologies can find support in Hayek's writings: traditionalists who defend the existing social conventions and are prepared to sacrifice individual liberty to the "bourgeois" values, transmitted by the family, of virtue, merit, honesty, morality, work, etc.; but also rationalist libertarians and "anarcho-capitalists" who, not hesitating to wipe the slate clean of established

⁴⁵ John Gray, *Hayek on Liberty*, Basil Blackwell, 2nd edition, 1986.

moral values, promote a heroic ethic of individual autonomy and unbridled competition, where only success or failure count in the end, independently of any notion of merit or virtue. Conversely, criticism arrives from every camp. For example, such American neo-conservatives as Daniel Bell or Irving Kristol served warning on Hayek: the liberal order that he promotes is founded on a moral capital of bourgeois values that its unlimited development tends to destroy irrecoverably.⁴⁶ We are dealing here with a very peculiar ideological position, with its combination of and tension between the defense of traditional values and the exaltation of market competition. Let me note in passing that, typical of what has been called, in a significant oxymoron, the American "conservative revolution," this conjunction appears highly improbable in the French ideological context.

Our analysis of the properties of generalized imitation allows us to dissolve this apparent contradiction. There is not, over here, an evolution that unfailingly finds by itself the right path, this right path turning out precisely to be *other* than that of the market; and, over there, Hayek who asserts the superiority of the market. Without the intervention of a knowledge that transcends it, there is no guarantee that cultural evolution based on imitation will converge towards a satisfactory order, and even less an optimal one. It is in the name of such transcendent knowledge that Hayek spoke, without of course being able to found this knowledge. Hayek was an "engaged" intellectual who wrote books, gave lectures, mobilized his epigones on a world scale and organized them into powerful pressure groups: he sought to influence his contemporaries and, beyond them, the course of evolution. There is nothing here that is not perfectly consistent with a theory of evolution based precisely on reciprocal influences. But he could not, without imposture, speak in the name of evolution. Nor could he, without contradicting his philosophy of mind, speak in the name of mere human reason. There remains, of course, the vantage point of Absolute knowledge. It is understandable that an avowed anti-rationalist like Hayek hesitated to occupy this spot.

It is also understandable, if regrettable, that the oracle had its failures and lapses. What in fact is the criterion that makes it possible to judge the value or utility of a social system? The most sympathetic commentators are obliged to acknowledge that Hayek's philosophy has no precise answer to propose for this fundamental question.⁴⁷ We will note, for our

⁴⁶ Cf., for example, I. Kristol, "Capitalism, Socialism and Nihilism," in *Two Cheers for Capitalism*, New York, Basic Books, 1978, chap. 7.

⁴⁷ Thus, John Gray, *Hayek on Liberty*, op. cit., pp. 142-143.

part, that Hayek's latest tendency to emphasize the number of human lives that a "tradition" is able to muster and maintain constituted a stroke of genius with regard to the difficulties encountered by his theory of evolution. We saw that imitative logic induced distortions and waste because it pushed everyone, in the most rational fashion, to go with the greatest number. But if the greatest number becomes the criterion of truth and efficiency, then, whatever evolution may do, it will always be right. With Hayek, the vicious circularities of a certain neo-Darwinism sometimes attained grandiose proportions.

Hayek's *œuvre* doubtless constitutes the most remarkable attempt to found a theory of the good and just society on the contingency of human affairs and on social complexity. Its failure weighs heavily.

4. WHY I AM NOT AN AMERICAN PRAGMATIST

There is a deeper reason for my not being an American pragmatist than the sheer and contingent fact that I am not an American. In conclusion, I will flesh it out by returning to the French domain, with which I started this presentation.

The notion of the social lie, or collective hypocrisy or self-deception, played an essential role in French social sciences, as much in Durkheimian sociology as in the structuralism that dethroned it. The debate on the *reciprocity of mutual exchange* has been one of the major controversies in French-style human sciences. The "French intersubjectivists" have been heavily influenced by this debate which is still going on today in the human sciences circles. I think it worthwhile to recall it here, in part because gift exchange was a topic in the July 2002 Behavioral Research Council conference on behavioral economics; but mostly because I will take it as an illustration of the malaise I cannot help feeling before Dewey's attitude towards the issue of truth (as I understand it).

In his famous work *Essai sur le don* (1924)⁴⁸, Marcel Mauss notes that in a good number of archaic societies, "contracts are fulfilled and exchanges of goods are made by means of gifts. In theory such gifts are voluntary but in fact they are given and repaid under obligation." He insists the "*transactions*" have a "voluntary character, so to speak, apparently free

⁴⁸Année Sociologique, 2ème série, 1923-1924, t.I; reprinted in *Sociologie et anthropologie*, PUF, 1973. (*The Gift: Forms and functions of exchange in archaic societies*, trans. Ian Cunnison (New York: Norton, 1967).)

and without cost, and yet constrained and interested. They are endowed nearly always with the form of a present, of a gift generously offered even when in the gesture which accompanies the transaction there is only a fiction, formalism and *social deception*, and when there is, at bottom, *obligation and economic interest*."

Separate acts: giving, receiving, returning, present themselves as so many gestures of generosity or cordiality, yet in fact they obey strict, inescapable imperatives. What then is the nature of this "obligation"? Once he has asked this question, Mauss adds, as if he were only repeating it in another form: "What force is there in the thing given which compels the recipient to make a return?" The indigenous informer will rapidly convince him that "in the things exchanged...there is a certain power which forces them to circulate, to be given away and repaid."

In his equally famous "*Introduction à l'oeuvre de Marcel Mauss* (1950)⁴⁹ - a text which many consider to be the charter of French structuralism - Lévi-Strauss reproaches Mauss for allowing himself here to be "mystified by the native." Mauss's mistake, according to him, was to have remained at phenomenological apprehension, which breaks the instances of exchange into discrete occurrences. This thus creates the need for an operator of integration to reconstruct the whole, and it is precisely the "soul of things" which providentially comes in to play this role. However, this is tackling the problem from the wrong end, Lévi-Strauss asserts, because "Exchange is not a complex edifice, constructed from obligations to give, to receive and to make return with the help of an emotional and mystical content. It is a *synthesis immediately given to*, and by, symbolic thought..." The "underlying reality" of the exchange, he explains, is to be found in "*unconscious* mental structures," to which language can provide access.

The third step: in 1972, Pierre Bourdieu, in his *Esquisse d'une théorie de la pratique*⁵⁰, denounced the "objectivist error" of Lévi-Strauss: "Even if reciprocity is the objective truth of the discrete acts which ordinary experience knows in discrete form and calls gift exchanges, *it is not the whole truth of a practice which could not exist if it were consciously perceived in accordance with the model.*"

⁴⁹In *Sociologie et anthropologie*, op. cit.

⁵⁰Droz, Geneva. (*Outline of a Theory of Practice*, Trans. Richard Nice (Cambridge: Cambridge University Press, 1977).)

In effect, consider the obligation to repay what is received and the obligation to receive. Taken together in the theoretical schema of reciprocity, they lead to a contradiction. He who immediately returns the very object he is given refuses, in fact, to receive. The exchange of gifts can only function as such on the condition the reciprocity that would be its objective truth is *hidden*. All the space, or rather the time, of practice is needed to undo this contradiction. It seems to me that Bourdieu is here very close to Dewey's notion of inquiry.

Thus in Bourdieu's interpretation (as in Mauss's) there is a lie. The natives know the truth of reciprocity, but they hide it, for this truth is lethal. From who do they hide it? From themselves, of course. We are in a very interesting case, in which the very existence of a social structure (symbolic or gift exchange) depends on the kind of knowledge that the participants have about it. Ontological statements are not independent of epistemological ones. The 'misrecognition' proper to collective self-deception is not only nor mainly a lack of knowledge (epistemology), but an institution (ontology) that implies the knowledge that is dissimulated.

At this stage, let me ask the question: here is a social structure of which the stability and the very existence demand that its 'internal' truth (i.e. the phenomenological apprehension) differ from its 'external' (i.e. objective) truth and dissimulate it. Can the latter claim any kind of priority? Any greater truth value? Realists and positivists like Lévi-Strauss answer yes. Bourdieu answers no.

Clearly, the issue involves an important ethical dimension. One of the most fearsome attacks ever to be launched against the idea of "objective truth" in this debate has been put forward by French political philosopher Pierre Manent. Manent ponders over the social impact of the Christian Gospel and its "Revelation" on human affairs. The message purports to reveal that humanity is founded on violence and that the nature of the City of Man is inseparable from its violent origin. But, Manent inquires, does not this 'revelation', which obliges men to look in the eye the role of violence in the constitution of their world, leave them even more blinded than the myth which transfigures or erases that violence? To conclude: "*The founding 'myths' are more knowing than 'realistic' science.*" For men have "good reasons" for repressing violence: "They sense [...] that the *ends* of social life are irreducible to its violent *origins* ... Men need to

hide from themselves those origins if they want to live in accordance with their conscience."⁵¹

Manent thus goes beyond even Bourdieu: superior value is claimed for the 'internal' truth, quite simply because it is this, and not the 'external' truth, which makes possible the very existence of society. The geometrical metaphor should moreover be inverted, for it is not the external truth that encompasses the internal truth but rather the internal truth that encompasses the external truth, since it *contains* it: it has it inside itself and keeps it dammed up there.

I take this case study to be an important challenge for American pragmatism. Consider the fine critical account given by Judge Richard Posner of Dewey's "epistemic democracy":

"[Dewey] de-emphasized the pursuit of 'truth' as such, rejecting the possibility of disinterested, 'objective', conclusive inquiry and pointing out there is no way of knowing when one has found the 'truth' because one cannot step outside the world and observe the correspondence between one's descriptions and the world as it really is. All that people are capable of and fortunately all they're really interested in is getting better control over their environment, enlarging their horizons, and enriching and improving their lives. The knowledge required for these endeavors is collective in the sense of being both acquired by the cooperative efforts of diverse inquirers – intelligence being distributed throughout the community rather than concentrated in a handful of outstanding experts – and validated by the community's evaluation of its utility; *as a practical matter, 'truth' is consensus.*"⁵²

I cannot but fundamentally disagree with this "epistemic democracy". Let me take up a case that is intimately connected with my presentation of the *mythopoietic* properties of mimetic phenomena in Hayek's and Keynes's social philosophies. Consider a community whose stability, sense of cohesiveness, and well-being is contingent upon its hiding from itself that it is scapegoating innocent victims. Belief in the guilt of the victim is grounded in the third parties' accusatory gazes. "A mob does not think"⁵³ but in such cases it behaves like a quasi-subject. The mob and its victim

⁵¹ Pierre Manent, "La Leçon de Ténèbres de René Girard", *Commentaire* 19 (Fall 1982).

⁵² Richard A. Posner, "Dewey and Democracy: A Critique", *Transactional Viewpoints*, Summer 2002.

⁵³ See Fritz Lang's masterpiece on the logic of scapegoating, *Fury* (1936).

shape one another. The "intelligence" of the case is distributed throughout the crowd and unanimous consensus is readily attained – through contagion of hateful opinions. The victim himself is ripe for self-condemnation. The few "outstanding experts" who proclaim the innocence of the victim are silenced right away. One of them stands up to the populace and shouts out "I accuse". He is put to jail and assassinated.

My question is, what would have been Dewey's attitude confronted with the Dreyfus affair?

As far as I am concerned, I see no other way than to side with Charles Péguy and proclaim: the truth of the matter, the absolute truth, the only truth, is that the man you are condemning and expelling is innocent! - even if proclaiming the truth disrupts the community.