Part 6

Miscellaneous Essays

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A Hoppean Alternative to Hayek’s “Spontaneous Order”

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**Personal Note**

I was a young social democrat when I first encountered the Austrian School through mentions and footnotes on a popular anti-socialist book by three renowned authors in Latin America. The experience of a college-exchange year in Mexico, plus my own growing up in Ecuador, had disillusioned me from the mixed economy ideas “sensibly” taught at my Economics classes in Business School, and the resulting paternalistic State, as it clearly corrupts the culture (it was not just the economics and politics, in a narrow sense). I was growing increasingly pro market. After graduating college in 2002 and thanks to the rise of the internet I discovered the Ludwig von Mises Institute, printed and studied a sizeable portion of the *QJAE* and the *JLS* on my own, and soon attended Mises University 2003. I will never forget two moments at MU2003 related to Prof. Hoppe: (1) I was lucky to witness an impromptu debate, a “clash of titans,” between Hoppe and professor George Reisman, two of my—even then, and more so now—intellectual heroes, and (2) Prof. Hoppe telling the rest of the faculty at the table “ok, we’ve heard enough” after my answers at the *mündliche Prüfung* that he was heading, to my immediate confusion and later on—upon getting our examination results—humorous relief.

That was my first experience of Prof. Hoppe. He seemed a bit distant or “dry” at first if I may say, but let me get back to that in a few lines. Reading him was so impactful that at www.liberalismo.org (the first major pro liberty website in Spanish) my own blog and the only one by a non-Spaniard is still called “Orden Natural” (natural order) after Prof. Hoppe’s ideas around the term. (As a Gen Xer I have a knack for liberty but always preserving the core of society and respecting the families.) I have also written short defenses of his “argumentation ethics” in Spanish.

*A Theory of Socialism and Capitalism* must be the most important treatise in political economy in the last 50 years. With a team of volunteers composed of various Rothbardians and Hoppeans from   
different Latin American countries, we translated it into Spanish. And with USFQ (Ecuador) we published “Libertad o Socialismo,” a varied compilation of Prof. Hoppe’s work translated into Spanish, some by me. Years later after I had become the “Rothbardian on campus” at USFQ, I began attending the Property and Freedom Society meetings in Bodrum. Not only uncompromising radicalism and the quest for the truth characterize PFS, but also a rather warm experience for me as a Latin American, since Prof. Hoppe truly is a joyous (as his teacher MNR would want us all to be) man and a gracious host. PFS is another of his successful endeavors, and to me it represents a family within the larger LVMI family, at a next level of commitment to the West and civilization as the main themes for our intellectual gatherings.

Somehow from my paternal family of musicians and educators, I have always had a “European” bias towards cultural richness and sophistication, and thus as an Austrian and libertarian I needed more than just “free markets” or “spontaneous order” as a worldview. It was in Prof. Hoppe’s work that I found Misesian answers to the questions of both material wealth and cultural wealth going (or not) hand by hand. The key of course, is Prof. Hoppe’s contributions to the field of *Austrian School Sociology* as a pioneer in the field of time preference. I appreciate the opportunity to contribute to this tome, and above all, I celebrate Prof. Hoppe’s life and his contributions to Austro-libertarianism.

**Introduction**

In this article I seek to present Hayek’s idea of “spontaneous order,” then move on to present some old and new distinctly anti-egalitarian thinkers with ideas that contrast Hayek’s, including a contribution of my own, to then move on to present a truly Hoppean alternative to the Hayekian worldview.

Friedrich A. Hayek is widely recognized for furthering Carl Menger’s research program on the evolution of social institutions and even often credited solely for the whole of it.

So, what is a “spontaneous order”? Hayek’s “spontaneous order” idea posits that complex social structures emerge organically from individual actions without a centralized or vertical planning force. Complex societies and communities cannot be designed top-down, indeed. That does not mean, though, that social structures and institutions operate in a void and lack virtuous, uniquely human elements like foresight, courage, and vision throughout their emergence.

**Hayek’s Spontaneous Order and Its Shortcomings**

This theory of a “spontaneous order” celebrates the self-regulating nature of markets and societies. However, a critical analysis, drawing from diverse intellectual traditions, reveals significant blind spots in Hayek’s theory, very much like Adam Smith’s own well documented oversight of the capitalist-entrepreneur’s pivotal role in economic dynamics.

Hayek’s spontaneous order suggests that the interplay of individual choices, driven by personal knowledge and preferences, naturally leads to a coherent and functional social system. This process, according to Hayek, obviates the need for top-down planning or control. Even such thinkers as T. Sandefur in “Four Problems with Spontaneous Order” critique Hayek’s theory, focusing on its conceptual ambiguity, the challenge of distinguishing between spontaneous and constructed orders, the difficulty in identifying and addressing injustices within such an order, and the problematic blind reliance on tradition. Sandefur argues these issues undermine the theory’s practical applicability and its ability to guide social reform or critique constructed societal arrangements effectively.

It’s a rather simplistic view of social organization that borders on the “unconscious” or entirely instinctive. It explains, following Carl Menger, the emergence of certain social institutions such as money, (judge-produced, not legislation by fiat) law, and property rights but stops short at defending them—and even distinguishing them to begin with—from aggressive or mafia-like activities around them (a.k.a. the origins and legitimacy of Nation-States). Survival per se is not the measure of something being fair or just.[[1]](#footnote-1) In fact Hayek’s whole social analytics program stops arbitrarily at the emergence of property rights where they are never again incorporated properly in his social analysis to distinguish aggression (against self-property and other property) from “coercion” with consequences that are not only ethical (libertarian) but also lead to highly distorted social analysis lenses and setting up Austrian School social analysis for undue idealism and for stagnation.

The same goes for Hayek’s definition of freedom as the absence of coercion defined as “sufficiently announced and sufficiently slow rule changes,” which will slowly and “sufficiently announced” lead any political system in the direction of Cuba and North Korea. It’s an arbitrarily set inability to see how *emerged institutions* further shape the moral analysis, from property and on. Apparently, everything evolved including morality but once it’s there, we are supposed to ignore it. We may call this *Hayek’s evolutionary poison*.

**Parallel “Invisible Motors” or Parallel Voids: F. A. Hayek and Adam Smith**

We may draw a striking parallel between F. A. Hayek and Adam Smith here. Adam Smith, still widely considered the father of modern economics, emphasized the “invisible hand” that guides free markets  
toward efficiency through supply and demand equilibrium. Yet, Smith’s narrative predominantly casts the *entrepreneur* as a mere *manager*—even and thus confusing the *originary form of income* in human societies as “wages” instead of *profits and losses* as both correct theory and history dictate—overlooking the entrepreneur’s critical role in social coordination and innovation. This gigantic void in Adam Smith’s theory mirrors F.A. Hayek’s own vulgar underestimation of directed social forces (intentionality, virtue) and thus natural leadership(s) in shaping social orders.

Thus, *Smith’s economy* has no entrepreneurs (its ultimate key element, or motor) as they are conceptually replaced by managers in his work, as much as *Hayek’s society* lacks natural aristocratic tendencies and (ironically again) *emerged* morality and virtues in practice.

Such conceptual lacunae in their works are actually enormous in significance, distorting economic and social thought for several human generations due to both authors works’ worldwide impact.

In the case of Hayek, we may speak of the missing or “invisible elites” that excel and stand out in every community and human endeavor, paralleling Adam Smith’s own terrible “invisible hand” metaphor.

On what leadership is, we may survey Tannenbaum and colleagues (1961) who defined leadership as “the interpersonal influence demonstrated in a situation and directed, using communication, towards achieving a specialized goal(s).”

By the way, the capitalist-entrepreneur being Adam Smith’s gigantic missing piece was further underscored by the fact that only in the 1950’s Ronald Coase turned the British Schools “mainstream” towards studying and taking the firm and thus entrepreneurship, management and leadership, seriously.

**Some Other Anti-egalitarian Thinkers on the Role of Meritful Hierarchies and Natural Elites**

Before moving on to a Hoppean answer to “the Hayekian social void” or “invisible elites” question let’s survey the ideas of a few thinkers, including de Maistre, Carlyle, Spengler, Robert Nisbet and Thomas Jefferson, all contrasting Hayek’s writings about an almost unconscious or “spontaneous puddle” emerging order.

These thinkers offer profound insights into the *structured* influence of natural hierarchies, traditional values, heroic leadership, and historical cycles on societal development. Joseph de Maistre emphasizes the necessity of hierarchical structures and the role of established institutions in preserving stability within society, challenging the notion of a *purely spontaneous* social order. Thomas Carlyle celebrates the transformative impact of visionary leaders who possess extraordinary talents and virtues, underscoring the significance of intentional leadership in guiding societies through periods of change. Oswald Spengler’s cyclical theory of history challenges the idea of linear progress, highlighting the *structured* nature of historical development

Nisbet’s focus on the importance of community and traditional social structures suggests that social order often arises from established hierarchies and the intentional actions of leaders within those structures. Jefferson’s concept of a “natural aristocracy” further underscores the role of enlightened leadership in steering the direction of democratic societies, indicating a more complex interplay between spontaneous and structured social orders than Hayek’s theory might suggest.

Robert Nisbet and Thomas Jefferson[[2]](#footnote-2) offer insights that challenge the notion of a purely spontaneous social order. Nisbet’s emphasis on community and traditional social structures suggests that order often stems from established hierarchies and social bonds. Jefferson’s advocacy for a “natural aristocracy” of virtue and talent highlights the indispensable role of enlightened leadership in guiding societies, pointing to a more complex interplay between emergent or purely instinctive and structured or at least partially intentional, social orders.

The novelist philosopher Ayn Rand, too, discusses a Pyramid-of-Ability principle, where the vertical division of labor is based on the control of more resources by elites and extraordinary talents in exchange for elevating everyone “below” (not politically in more capitalistic societies, but merely administratively) through vision, plan, tools, team, and execution. Now that we are broaching the topic of Austrian egalitarianism from any author, of course, the capitalist-wage earner relationship is anything but egalitarian (again, contra Hayek and Adam Smith’s egalitarian or “fuzzy” descriptions). The relationship is based on the capitalist contributing what I term *Say’s Surplus* as all added productivity magnification for both parties, but mainly benefiting the wage-earner in the relationship. In other words, it’s not just a win-win relationship, but one in which the capitalist demonstrably adds—location, machinery, methods, internal division of labor and management, clientele, and brand—far more than the wage-earner does. *Say’s Surplus* is the added productivity (added value per hour, not just in quantity) the capitalist provides the wage earner with, far more than he could ever achieve on his own (it’s not the worker’s wage that gets split for profits, but rather *Say’s Surplus*, making both parties better off at the same time). The wage earner is not exploited but potentialized by the relationship. It’s not merely win-win; the capitalist-entrepreneur is the *bigger and better* contributor.

If capitalistic labor hiring is not exploitative and furthermore not even merely of the “win-win” sort but essentially benevolent and virtuous, then so is *capital accumulation* itself and all peaceful social differences derived from it.

And of course, we should mention Murray N. Rothbard’s overarching work in “Egalitarianism as a revolt against Nature” and other texts where he clearly delineates the view that human beings tend to specialize not only “horizontally” but also “vertically” around individuals of extraordinary talents, virtue or vision leading teams and enterprises of all sorts, only on every single successful human endeavor. According to these thinkers, successful human societies are relatively more garden and less jungle.

**Some Contemporary or Popular Anti-egalitarian Thought**

As for contemporary analysis of heterogeneous social orders we can mention Malcolm Gladwell’s in the popular literature (see his *The Tipping Point* for a breakdown of the three human roles usually present or required for any new social tendency to go massive and how that “tipping point” from eccentric activities/idea/innovation to gain massive acceptance) or if I may, my own description of the *concentric circles of social and market innovation* on how every individual has a different role between *influencer* and *influenced* in different trends of human action and knowledge.

Malcolm Gladwell’s concept of the “early adopter curve” underscores the structured influence of certain individuals and groups in adopting and spreading innovations. This phenomenon, critical for understanding market and social trends, suggests a more nuanced mechanism of social organization than purely spontaneous interactions.

**A Hoppean Answer to the Emergence of Natural Elites in a Social Order: Property, Time Preference, and Constructive Influence**

I consider the missing piece(s) to be found in the work of Prof. Hans-Hermann Hoppe.

Hoppe, as a devoted Misesian, follows Mises who in *Human Action* emphasized the role of purposeful human action and rational planning in economic activities, which contrasts with Hayek’s emphasis on the emergent nature of social orders with a distinct lack of main actors and visionaries (entrepreneurial and otherwise) in the formation of *cultural capital*. Hoppe’s own work is a pioneering one on what we may call an Austrian Sociology of Time Preference.

First of all, Hoppe emphasizes scarcity and thus property, as the basis of advanced human cooperation. This sets the proper groundwork for economic analysis since “wealth” doesn’t exist in the abstract, but rather is a subjective appreciation of a series of possessions, properties and property titles. Thus any economic policy is done to/on someone else’s property and thus rendering most if not all State public policy as a permanent source of unfairness (Ulpian’s dictum not being respected) and the appearance of artificial (political, from privilege, fiat) elites in society.

Second, Hans-Hermann Hoppe’s original contributions to the analysis of social time preference, the valuation of present goods over future ones, further refines this critique. This, dear reader, is probably the biggest source of meritful—just—inequality in human societies, since adult and overall wise (farsighted, low time-preference) activities and investment practices reward each individual, family lineage and community quite differently. If family A saves and invests, and family B throws parties and enjoys luxurious trips, their time-preference differences will be a major cause of—just and natural—wealth inequality.

Lower time preferences among natural elites[[3]](#footnote-3) and entrepreneurs predispose them toward long-term investments in culture, infrastructure, and philanthropy, essential for sustained and long-run societal development around themselves. Ultimately, well understood selfishness is extraordinarily generous. *Noblesse oblige*. True nobility of spirit is generous.

This perspective challenges Hayek’s emphasis on spontaneous, short-term individual actions as the sole drivers of social order. There is no “invisible hand” creating a social order, and there’s nothing capricious or “spontaneous” about it, but the long term and virtuous planning of many families and private organizations (“clubs” in the economic literature) usually over many generations. Thus is *cultural capital* formed, through socially unequal contributions of vision, understanding and leadership.

**My Contribution to the Analysis: Towards a New Model of Human Interaction**

Instead of it being a simple consumer behavior curve as described by the fields of Management or Consumer Behavior (Gladwell), and inspired by Hoppe’s work, I set forth the notion of *concentric circles of social innovation* that further distinguishes human roles in every possible human realm. We are not equal in the sense of being identical, we take different cues from different people at different times, and there is nothing ultimately egalitarian or merely “spontaneous” about it. We are all different in innate talents, interests or dispositions, and ultimately, choices.

Tendencies, fashion, manners, etc. radiating outwards from the first circle, which itself differs in every human trend and reaches different people with different levels of interest in participating in it. From 1) the innovator/eccentric, to 2) the early adopter who is the first to emulate the eccentrics or seemingly “crazy” visionaries, then on to 3) the normal participant in any tendency or fashion, to 4) the conservative who participates reluctantly from social cues and does so very late, to 5) the reactionary who simply refuses to take part of any given trend.

A black and white circular pattern

Description automatically generated

*The concentric circles of social innovation*

A very simple example would be the debut of a new show or experience by a famous director or artist, or any scarce-ticket event. Some people may camp at the place since the night before, some people will wait in line for two hours, some will attend only if someone else did the waiting in line for them, and some wouldn’t attend, even with extra “bribes” in the form of snacks, drinks and other amenities.

Another good example for this *concentric circles of social innovation* model is the use of cell phones. Some people paid a prime or extraordinary price to own a cell phone before others, they may be considered innovators but more justly, *early adopters*. But to reach the next “concentric circle” of people with a less intense preference for it at the moment, the producer will reduce price through reinvestment and economies of scale in order to reach them. And thus the cell phone arrives to the average or *normal* user. The process goes on and on until “everyone,” including reluctant or *conservative* participants, has a cell phone except the *reactionaries*, or people who chose to not participate in that invention or activity.

The corollary of this conception or model of social interaction is that prices go down in a capitalist society (that is a hard, deflationary money setting) even in the absence of competition since it’s in the capitalist-entrepreneur’s own self-interest to reach ever wider layers of population—the outer concentric circles—who have a lower intensity of demand and will purchase only at a lower, later price. The model recognizes inequality not only in human talents, knowledge/wisdom and interests as producers and trend-makers but also as consumers and trend-takers, in a way that demolishes the Neoclassical “perfect competition” model from to its own egalitarian and inhumane core.

A third example of the *concentric circles* model would be our use of modern table utensils first inspired by the Italian aristocracy to the French court and from then on, to the whole world through elegance, cultural influence and diplomacy.

A black and white rectangular sign

Description automatically generated with medium confidence

*The concentric circles of social innovation*

By merging the three elements: a) property, b) time preference and c) the concentric circles of (talents and) social innovation we can truly form a perspective of *how natural elites arise* in advanced and complex-enough cultures. As Prof. Hoppe has written, these *natural elites*[[4]](#footnote-4) possess extraordinary virtues that make them stand out and become community bearers of virtue, beauty, manners and overall elegance. (I may add that naturally-formed aristocracies are everywhere generally composed of women of extraordinary natural elegance and men of extraordinary character). Disregarding luck, differences of virtue with regards to or in the treatment of property, farsightedness (time preference) and philanthropic pursuits will generate some of the main differences of outcome in the long run.

By the way, the same *concentric* process configures the emergence of social (Mengerian) institutions themselves. In other words, the very institutions—rules, complex human practices—that coordinate societies post-*Dunbar’s Number*[[5]](#footnote-5) followed the pattern of the concentric circles  
model in order to emerge, as it is materially impossible that every human everywhere at the same time in the past began engaging in any human practices that became institutionalized (in other words, became institutions) through social repetition. Even Mengerian institutions came to be through non-egalitarian social patterns, and there is nothing merely *spontaneous* about it. And by elucidating this matter, we shall have removed another source of “Austrian egalitarianism,” so to speak.

It is through property, low time preference, and constructive influence in society that natural elites become natural elites.

**Final Thoughts**

This article offers a critique of Hayek’s “spontaneous order” notion as it has been, integrating perspectives from various intellectual traditions and then presenting an alternative inspired by the works of Hans-Hermann Hoppe. By highlighting the structured roles of natural hierarchies, visionary leadership, and long-term strategic investments, this critique challenges the simplistic view of social organization advocated by Hayek that borders on the “unconscious” or entirely instinctive.

By challenging the simplistic view of societal organization advocated by Hayek and embracing a more nuanced understanding of social dynamics, we illuminate the structured roles of natural hierarchies and visionary leadership in shaping the complex tapestry of human societies. Through deliberate human actions, we pave the way for a deeper appreciation of societal evolution and progress.

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1. In fact, justice is not a mere convention or social construct (“useful but let’s not make too much of It”) as the moral relativists and extreme egalitarians contend. It’s a deep human contribution to the world, in the same way that friendship, or love based on admiration, or the deliberate pursuit of beauty are uniquely human contributions to the world. In the same spirit that we celebrate social institutions (manners, property, banking, enterprise, etc.) as civilizational wealth or *cultural capital* of sorts, we may recognize virtues themselves as proper and uniquely human contributions to the whole of life. [↑](#footnote-ref-1)
2. Thomas Jefferson, in a letter to John Adams dated October 28, 1813, discussed the concept of a “natural aristocracy,” which he believed was based on virtue and talents rather than wealth and birth. He contrasted this with an “artificial aristocracy” and argued that the natural aristocracy is essential for the governance and instruction of society. Jefferson emphasized that such a system ensures that those with true ability and moral standing lead, which he saw as crucial for a healthy society. For more details on Jefferson’s views, you can visit the University of Chicago Press’s Founders’ Constitution website, which features this correspondence: Thomas Jefferson to John Adams, 28 Oct. 1813. https://press-pubs.uchicago.edu/founders/documents/v1ch15s61.html [↑](#footnote-ref-2)
3. Ironically for the Hayekian “evolutionary-egalitarian” research program, value-adding inegalitarian status games as well as “fashions” and other social cues have been observed in other advance primate species. Müller & Thalmann (2000) examine the origin and evolution of primate social organization, offering a foundation for understanding human status dynamics.Their research highlights the complexity of social hierarchies, their role in the group’s welfare, and interactions in primates, which inform theories on the evolutionary origins of human status games. “In Primate Social Systems” by R.I.M. Dunbar (1988) we find a comprehensive overview of social structures in primates, offering insights into the evolutionary basis of social behavior and hierarchies. [↑](#footnote-ref-3)
4. Not to be confused with the artificial—or unjust—elites of the current social-democratic or “globalist” global order. See Hoppe, H.-H. (2006, July 21). Natural elites, intellectuals, and the state. Mises Institute. https://mises.org/mises-daily/natural-elites-intellectuals-and-state [↑](#footnote-ref-4)
5. 150. The approximate number of individuals in a personal or “intimate order” (or primitive order) society in which we spent most of our history as advanced primates, proto-humans and humans. Past that, we require “institutions” or impersonal coordination mechanisms such as money, land property, manners, private businesses, etc. to survive and flourish as extended human societies. [↑](#footnote-ref-5)