

## **The Magic of Capitalism: Liberalism and Hayekian Connectionism**

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### Abstract

The aim of this essay is to study the important social ideologies of the 20th century: socialism, totalitarianism, liberalism and capitalism. Discussion is started from the connectionist model of society, which was a crucial part of the life's work of an Austrian-born British economist, Nobel laureate Friedrich Hayek (1899 - 1992). Within that model some situations of the history are explained and the important role of information is discussed. It is not only intended to show how important information is in modern information society, but also how it has always been an important ingredient and how its importance is not fully understood in ideologies such as socialism.

The connectionist model is used to criticize social ideologies, but also the model itself is put under critique because of its lack of understanding an individual human being. So the stress of the remaining discussion is in personal knowledge and view. This viewpoint brings out the ill-treated ethical values. The purpose is to show how ethics play an important role in continuous social development, in the permanence of the society. Finally ethical meditations and the former discussions of social structure and economy are used to ponder liberalism and different forms of capitalism.

### The Connectionist Model

The connectionist model has been developed by cognitive sciences – cognitive psychology, neurophysiology, cognitive computer science and study of artificial neural networks - to understand psychic activity (see Järvillehto, 1994, p. 56). From connectionist viewpoint proposed by Friedrich Hayek also society is seen as a web of individuals linked (social order) together. The connectionist model of society (society is thought in this examination to be the population and the infrastructure of one state) consists of two important elements: individuals and order ie. how individuals are organised. Connectionism considers communication and social interaction to be the essential nature of society (see Hemánus and Pietilä, 1982, p. 370). The point is not in the individuals, but in their connections - hence the name connectionism. The order of society develops by cultural evolution. Better orders dominate inferiors and more powerful social orders emerge. I must emphasize that development does not mean that the latter society would be somehow better than the former. Adaptation is a more suitable word: human cultures can remain nearly unchanged for centuries if there is no urgent need for change – no competition. However exponential growth of population and international competition nowadays drive societies towards a constant change. That is why "development" is not fully suitable here.

The model of connectionist society can help us to understand some events of history. To take a deeper look at this, the connectionist model must be described in detail. I have to remind that even making a good approximation or generalization of society is extremely difficult: in social life not only the big picture plays a role, but also the little details which together give rise to emergent phenomena and mass motion are crucially important. The Connectionist Model Of Society is called

CMOS for short.

It is distinctive in connectionist systems that singular units are considered "dumb": they operate by producing an output according to their input. This is the case in artificial neural models, ANNs and in the modern comprehension of brain neurons. And this is often supposed in social models too. So this is also how individuals are initially considered in CMOS – humans are personalities, but the role of the free will and personality is only small in modern society and vanishes in statistical analysis – personal peculiarities cancel each other.

The definition of the signal, the act of communication between units, is important when describing the connectionist model. The two other connectionist systems, ANN and brains, utilize simple signals. It is also possible to apply this to CMOS. Communication can be thought to be exchange of something concrete, as it is often supposed in Marxist thinking. But it is common sense that this definition is insufficient: the role of abstract exchange, such as scientific discussion, is left without attention. Pragmatically reasonable definition of connectionist society must introduce a much broader concept of signal. The definition for signal suggested by Hayek is market price – prices inform market parties on prevailing circumstances (see Hayek, 1998, p. 135) and are used to coordinate the actions of different parties and "... in a system where the knowledge of the relevant facts is dispersed among many people, prices can act to coordinate the separate actions of different people in the same way as subjective values help the individual to coordinate the parts of his plan." (Hayek 1945). Money is used to attach an universal value to things and market prices are used to coordinate values. This is an important observation: we can gain much knowledge from events that are remote to us, such as a bad period of crop growth, by observing market signals: the prices. The "flow" of economic information can then be used to conduct individual lives.

But this still does not fully cover all walks of life. We could take a less economic view on the society and define the signal to be a decision or a law that affects our lives. To gather these definitions together, signal is defined to be a thought or an idea of one individual: information. Using the terminology of this discussion, information is the data in communication and knowledge is the adopted information or personal view. From this follows that if information travels through an intermediary, an information-knowledge-information transformation follows, which can and will affect the original information. This phenomenon can often be seen in practice: if a farmer incorrectly interprets meteorological observations and prepares for a bad harvest, prices go up - that is, a signal is sent to consumers which tells of a non-existent event.

### Reflecting Society with CMOS

The structure of the connectionist model is dynamic and everchanging. Within ANNs changes are mathematically guided to minimize error. Brains and the whole human mentality bases its development on a delicate system of feedback and self-examination, which humans try to keep consistent. Society is driven by many different and conflicting forces. Conception of goal, the ideal state, is common for all of them. With ANNs it is concrete and defined, with humans it is fuzzy and alternating and with society it is the result of many opinions.

If we somehow wanted to measure how good some social structure is, we need some idea of what parts participate in it – what are the factors and what are the consequences. The base of the society is physical reality. From the physical reality we separate individuals, not only because it gives notable clarity to the following discussions but also because it is not generally agreed that humans are merely physical entities [REF\_Ref466539432 \r \h 1]. So the parameters of social order are the environment and the members of society. It can be argued that culture is also very important, but as

humans and culture are so entangled we keep them together. The environment can be seen to consist of at least the geographical situation and other societies ie. the international situation. The members are a group of people with different skills, knowledge and character. The measure is how well people cope with their environment and optimal solution is the best way to organise people in the current living conditions. But this definition does not escape the tricky definition of "the best way". There are many candidates for this, such as economical domination, territorial domination, humanitarian superiority or technical superiority. These all however can be seen as specialised cases of the fundamental justification: the existence. The certainty of continued existence is the most important goal of society. It can be argued if altruism should play a role here, but it is clear that societies develop towards strong protection of existence, as weak ones vanish from cultural pool: cultural evolution refines societies (see Hayek, 1998, p. 19 – 27). This definition does not however lead to strong competition, because peaceful cooperation is often the best way to get along. The variance of the "search space of optimal order", the imaginary space which consists of all the possible orders of society, suggests that the solutions vary similarly. The optimal society in close-to-nature circumstances of Amazonas is different from any modern post-industrial society involved in international politics. Search space is a better description for social changes than linear development or change. One-dimensional development does not depict well social changes, which tend to "drift" between different states (see Popper, 1974, p. 531 – 533).

The relationship between search space and search process is not only one-way. The search space is not only affected by the external events, but also with the search process itself. The influence is not until recently understood, as global nature is partly spoiled because of human aspirations of economic success. Strong competition also has influence on the members of society: alienation and depression are widespread. The concept of optimal state of society defined here as the best order of individuals of society is a theoretical impossibility. Mathematically speaking the search space of social order is a highly multidimensional concept, which makes it strongly unstable in the level of fine detail. Adopting rapid changes of optimal society state instantly, being of course only theoretically possible, leads to social changes so rapid that they would ruin the social order. It is the important role of the search process and continuity that this meditation suggests.

It would be naive to suppose that there is a simple measure to evaluate the success of human society, the most complex system of all. When examined deeper, it can be noticed that this is also the case with the measure of existence. It cannot be denied that cultural evolution works by selecting those social properties that help society to survive, so vitality can be seen as "good". But it must be remembered that vitality, the certainty of existence, is a concept defined amongst many societies and is quite useless when discussing today's social development. We must not mix internal and external concepts together. To measure the vitality of society one must be outside of it. The measurement can be done to historic societies to some extent, but the measurement cannot be done to the society we are living in, or to any other recent society. We have to content ourselves with more vague definitions, which rely on cultural heritage. But subjectivity should not be viewed with contempt: through cultural evolution the sense for good social development has developed side by side with our social life.

Some sketches for the definition of the ideal society, towards which we must struggle, follows: "conception of a desirable order" (Hayek, 1967) or "the kind of world in which people want to live" (Hayek, 1960) or "... a doctrine of what he calls the 'economy of thought': we are to understand the constantly shifting world of elements-in-connection as subject through and through to the law of least action; the world is a dynamic system within which elements, in forming connections, seek always the path of least resistance in such a way as to establish stable minima: and the behaviour of elements, including psychological elements, is for Mach to be understood entirely from this perspective (which Mach derives from evolutionary biology)." (Smith, 1997, emphasis original)

It must be confessed that we cannot for sure assess society, but as it was noted, cultural evolution can give some guidelines. If we live with basic animal instincts, we cannot expect much success. The information from ancestors plays an important role. It is a result of billions of minds on a large timescale where trial-and-error has created a respectable body of knowledge. Tradition constitutes of the achievements of science, religion, ethics, art and such. The guidelines for living are learned by experimenting and they justify themselves by their existence. But variance is also important in evolution and personal divergence is crucial to social development. However, experimenting cannot be the task of the whole society. We must be very careful with destructive revolutionary thoughts and often can find the old approach the best.

## Collectivism

Collectivism embodies both socialism and totalitarianism. It means an order of society, where individualist goals are substituted with a collectivist goal - let it be set by a dictator or a soviet. It is important to note that although socialism and totalitarianism have totally different goals, their basic method is the same: economic planning. To guide the resources to some racial élite or to members of some party, the method would be the same as in confirming equal sharing of the income (see Hayek, 1995, p. 56).

The theoretical similarity of different collectivist models can vaguely be seen in practice. As a result of statistical analysis of Weimar Germany and the relationship of the Hitler's NSDAP and working classes Szejnmann makes this notice: "The Communist reported at the end of 1930 that the workers' support for the NSDAP was particularly strong in regions 'where there is a numerous, impoverished working class (cottage, small- and medium-scale industry) and where old Social Democratic traditions still exist.'" (Szejnmann, 1996, p. 209) Metaphorically speaking, it could be said that totalitarianism and socialism are the two sides of a coin. However handy this symbol is, it definitely goes too far. It is more accurate so say that even though socialism and national socialism represent opposite extremes of political scene in a certain sense, the methodological similarity (both are based on economical planning) makes shifting from one to the another possible: "Middle-class voters, in constituting around 40 percent of all voters, made up the largest single body of National Socialist supporters, but the workers formed so significant a subgroup that it is impossible to talk of a purely or even predominantly middle-class movement." (Falter, 1996, p. 40)

Collectivism requires individuals to have uniform views. Hayek argues that we cannot indefinitely expand the ring of common affairs and still leave the individual alone –collectivist social values must in practice cover all individual goals (see Hayek, 1995, p. 81 - 82). It becomes clear that individual views, generalizations of surrounding information, constitute a more exhaustive picture of the prevailing conditions than the one collectivist view. The collectivist view is always made by a proportionally small host of individuals and is static in nature: that is, it is limited with its small coverage of population and time. It is only theoretically supposed that in collectivist society people share the same view of life. In reality people make their own observations of reality, which is why multitude of devices of propaganda and myth must be used. Social philosopher Lewis Mumford illustrates Hitler's and Stalin's societies as huge machines, which are fueled by myth (see Englund, 1998, p. 131 – 137).

## Collectivism and Fanaticism

The least respected form of collectivism can be found in Nazi Germany. When analysing this very

extreme example of collectivism, it must be remembered that the discussion is mostly not applicable to goodwill socialism. However the groundwork is the same: economical planning.

Sometimes Nazis are regarded as, characteristic of Germans, a systematic party - a mechanical machine fully constructed by human intelligence. So this raises the question if the "chaotic" connectionist approach is suitable at all? If we take a closer look at the Third Reich, we can see how it was far from strict hierarchy, at least on the top level. Haffner verifies Third Reich to be a governmental chaos, which was held together by the authority of Hitler (see Haffner, 1982, p. 54). Nazi society was a disorder of six rivalling forces created and controlled by Hitler. The approach of connectionism is quite natural here.

The modern fast pace of society, the fast transmission of social signals, leads to unexpected emergent phenomena, such as the modern mass media, public opinion and market forces. They can be seen to have a will of their own (cf. Popper's world of abstract products) and they indeed do have an influence on things, but no one can pinpoint where the heart of the mental image world of mass media, for example, lies. For a modern and stable society efficient interaction between different parties can be very fruitful, bringing up many fertile phenomena – the state itself can be thought as an emergent property, rising from the interaction of people and need of security. But as the emergent phenomena can be seen at least partly beneficial, the overaccelerated emergence of irrational and uncontrolled phenomena can lead to chaos of values and goals, which happened in the Second World War Nazi-Germany: brutality was no news, but industrial mass slaughtering was something unbelievable. Auschwitz and other concentration camps which participated in shoah still feel very irrational - which they in fact were. They were no consequence of human design, but an uncontrolled phenomenon created by human minds linked together in an unbalanced manner.

However, society does have an ability to control itself - an ability which we should practise before entering the hyped information society. Selfcontrol rises from the opposition, from the different views. Too extreme actions cause protests and are restrained. As we can see, selfcontrol demands balance and Nazi-Society was far from balanced, some individuals practised superiority over the others and so no notable selfcontrol emerged - even in the inevitable end. Hitler's orders of the destruction of the German people were not only thin air and were actually carried out to some extent (see Haffner, 1982, p. 184).

In totalitarian society new ideas are not encouraged, but often oppressed - some ideas take up the social space of others. Hitler and Stalin hated modern art and the artistic atmosphere was very oppressed – they both had their favorite architects, who dominated artistic scene (see Englund, 1998, p. 123 – 129). Because of direct actions, totalitarian society can be good in responding to self-evident problems - Hitler's Nazi government succeeded in turning the miserable unemployment into full employment in only three years (see Haffner, 1982, p. 35) - but totalitarianism is weak at responding to more complex situations. An example of this can also be found in socialist societies: "... from a technological point of view Soviet Russia had some impressive accomplishments by the 1930s." (Boettke, 1998) - but democratic capitalism proved to be stronger, as it was also with the Nazis' Third Reich: Russian and Eastern-European socialism collapsed and Germany suffered one of the most complete downfalls of the history. It must be noted that Germany was not only a "machine" doing the unavoidable, but was actually capable to develop a deeper social consciousness. But as society was very unbalanced, it burst into action as paranoiac anti-Semitism – social consciousness was isolated from the realities of life. A high state of social activity is a requirement for a finer social level, but so is also balance.

More balanced connectionist systems, democracies, gained a complete victory in the long run. With their balanced structure they found better solutions, regardless of the stiffness in the beginning. Germany was quick, because everything was greedily utilised. This is analogical to artificial neural

nets, where a greedy approach often leads to not noticing the heart of the problem. When there is no absolute authority in the society, someone is always disagreeing and driving towards the real solution. The social optimum is not a clear target, so the first task is to understand what the ideal solution might be.

### The Defect of Collectivism and The Role of Information

Socialism is the main target of criticism set forth by Hayekian connectionists. Socialism introduces a view of society that quite fully ignores the connectionist approach – and connectionists can be considered to have won at least the first round, because socialist economy showed to be weak in the collapse of the Soviet Union and Eastern-European socialism. Connectionism can produce some good explanations for the collapse of socialist economy.

In capitalism a person can gain advantage from a not commonly known fact he possesses – but this is often considered dishonourable:

... And the shipper who earns his living from using otherwise empty or half-filled journeys of tramp-steamers, or the estate agent whose whole knowledge is almost exclusively one of temporary opportunities, or the arbitrageur who gains from local differences of commodity prices, are all performing eminently useful functions based on special knowledge of circumstances of the fleeting moment not known to others. It is curious fact that this sort of knowledge should today be generally regarded with a kind of contempt.. (Hayek, 1945).

This is one reason why capitalistic society is superior in gaining new knowledge and coming up with better ways of doing things. In socialism individuals cannot use the special knowledge they possess and new innovations are less likely to be born. It is highly unlikely that collective planners obtain the same knowledge and guide the individual to exploit it - in some cases even impossible, if the possibility unfolded to the individual is only momentary and it is not possible for planners to act quickly enough.

The task of a collective planner is an impossibility. No matter how many experts of different fields are gathered to make plans, they still have little tools to analyse the economic situation. They must derive the values of the goods from other facts, because they cannot use market prices as in capitalism: "Whether the new plant will prove to be a useful link in the industrial structure for increasing output depends not only on technological considerations, but even more on the general economic situation." (Hayek, 1935, p. 204)

Economy of modern society can be modelled as a chaotic system and it is impossible for individual alone to properly comprehend it. In capitalism this problem is eluded with distributed processing, which is coordinated by market prices. In socialism or other form of collectivism the missing market prices make modelling (economic calculation) very hard. "Cost cannot be determined in any manner independent of the pricing process. [...] And, it is precisely this contextual knowledge of the market which enables economic actors to select out from among the numerous array of technologically feasible production projects those which are economically viable - in other words to engage in rational economic calculation. " (Boettke, 1998)

My main argument about the abuse of knowledge in collectivist systems is as follows: when we do not have the market process which determines the costs, we are forced to conclude it from other sources of knowledge, such as knowledge of scarcity of special materials and educated labour. These conclusion become easily very complex. Besides all of the information they must be based on cannot be available to one party (ie. the planner) at the same moment. The uncontrollable nature of

socialist economic problems leads in practice to unmaturing decisions and bad results. This was seen in practice: "The collapse of state socialism in East, Central Europe and the former Soviet Union has caused a sort of theoretical dissonance among economists. If the market socialist had demonstrated that Mises' argument was flawed and Hayek's complexity argument could be handled with the advent of modern computer technology - as was argued in the standard historiography -, then why did the economies of these countries operate so inefficiently?" (Boettke, 1998)

### The Connectionist Individual

When considering humans as parts of the whole society, we must not forget that humans are also independent entities themselves. The approach of "dumb" individuals of CMOS is not competent. The units of the connectionist model often depend only on the input, but humans also depend on their memories: humans have personal outlook on life. In this context the consequence of this is: people build personal images of society, which conduct them in their functioning as members of society. This tendency to reflect the whole is very influential in human society. Humanity is not merely processing economic signals. This misconception leads to structural differences and makes connectionism incompetent in depicting social life.

The way the reality is reflected by a person can be used as a tool to gain power, as it happened in Weimar Germany when the Nazi party gained power - with the aid of irrational hysteria, lit up with propaganda. This is also noticed by Coleman: "There is another type of entropy change that does not fit the equilibrium-restoring dynamic seen most commonly. This type of unusual change occurred in Weimar Germany, leading to the Hitler era. [...] By analogy, one might call what happened in Germany a 'conformity depression.' The understanding of such an entropy change, I believe, requires an analysis of the potential effect of widespread errors by people in their perception of the probabilities of other people's behavior or the social entropy level" (Coleman, 1997, p. 16). As Coleman states, this phenomenon does not fit in the cybernetic model build of information theory and connectionism. Call it a view of life, the personal reduction of reality in one's mind or Popper's second world of psychological states, personal view is not to be left without social attention.

Niiniluoto argues that when society is seen at the same time as the always present condition of human actions and its continuously renewed or altered result, the voluntaristic idealism in describing the social structures and the mechanical determinism in understanding humans are avoided (see Niiniluoto, 1990, p. 307). With the terminology used here, using human intentionality in depicting the whole society fails in explaining many unintentional phenomena, but forgetting individuality and intentionality in considering the member of society forgets the fact that the conceptions which individuals build of society have much influence on the functioning of the whole society.

The lack of understanding personality is also existent in Marxist thinking. Work is generalized to be a process of creating utility values by exchanging matter between man and nature (see Marx, 1974, p. 168). Work plays a fundamental role in Marx's philosophy and though Marx represents this as an simplified and abstract example, it still ignores the work done by the individual for himself. The importance of the mental development as an effective force in society is disregarded.

### The Permanence of Society

The fallibility of human mind is perilous for the permanence of society. As Popper observes, the

goal that seemed for the original planner as the ideal state, may not look like it to successors. Those, who consider one step towards a distant goal better than partial compromise, should remember that if the ideal is very distant, it might even be hard to estimate if the step taken was towards or away of the ideal (see Popper, 1974, p. 226). Real ideal states are very hard to imagine (for discussion in the context of the socialist ideal of Soviet Union see Hobsbawm, 1999, p. 620 – 624). This is why manmade visions of an ideal state are limited to some dimensions, ie. they do not cover all the richness of society. In practice, they often lead to chaos, as the internal processes of society are not understood and society is artificially forced to change towards a distant ideal, an unreal paradise.

It is understood that we must be modest in evaluating the power of human thought in constructing a social order. Zend Avesta, the sacred book of Zoroastrianism, represents an thought: thanks to the understanding of the dog the world is held together. Feuerbach interpretes this symbolism by saying that animals were essential for humans – the whole existence of the mankind depended on them (see Feuerbach, 1980, p. 30). Developing this further, it is obvious that history and traditions are an important teacher. Humans possess powerful cognitive abilities and have gathered a great body of knowledge: knowledge that is unbiased and tried many times. However intelligent modern civilizations are, we are still restricted to our momentariness – tradition has always stood the test of time. The importance of experience is also visible in Hume's philosophy: "[...] causes and effects are discoverable not by reason, but by experience [...] when an effect is supposed to depend upon an intricate machinery or secret structure of parts, we make no difficulty in attributing all our knowledge of it to experience" (Hume, 1977, p. 42-43, emphasis original). Society definitely is "an intricate machinery". Not only the human knowledge is shaped by the history, but the whole human mentality is a result of past processes. Psychologist Eskola reminds that theories which represent human being as if he had always been a rational creature lack historical depth. As a matter of fact, rational individual was born as a result of a long social development (see Eskola, 1985).

The way Hume continues his thinking has a great relevance in a social context: "These two propositions are far from being the same: I have found that such an object has always been attended with such an effect, and I foresee that other objects which are in appearance similar will be attended with similar effects." Hume takes his example from nutrition: "The bread which I formerly ate nourished me; that is, a body of such sensible qualities was, at that time, endued with such secret powers. But does it follow that other bread must also nourish me at another time, and that like sensible qualities must always be attended with like secret powers? The consequence seems nowise necessary" (Hume, 1977, p. 48, emphasis original). This observation is especially strong in social thinking, because of the complexity and unpredictability of society.

Thus heavy conservatism must be rejected. The everchanging reality must be remembered – recipes of the past are not guaranteed to work today. There are no eternal laws conducting humanity; no kind of historicism is suggested. These requirements can be fulfilled with a system where new solutions coexist with the safe old approaches. The best one justifies itself by dominance. In practice this could be something like many educational institutions with different approaches and ideals. It can be considered inefficient, but social stability overweighs a lot of momentary inefficiency. It must be observed that years of hard work can be demolished in a few moments of chaos. When development is still unstable, it must not be repressed – but when development is fast, it must not be risked. The amount of required organisation grows. This does not make wide organisations absolute value, but their necessity must be confirmed with competition. Competition is the method for big and complex societies – simple designing is possible if circumstances are simple enough. It is not until the amount of relevant factors grow so big that it is impossible to get an overall picture of them that distribution becomes compulsory (see Hayek, 1995, p. 69-70). Steady development is secured with distribution.

There is no doubt that humans often have difficulties in explaining the surrounding reality. But this

cannot be said of social life: if disorder has not decreased, it has at least remained constant. At the same time the complexity of social structures has increased. This could be generalized: even though the thermodynamic entropy, the physical disorder of universe, continuously grows, the human perceived disorder decreases in majority of countries. We can be sure of many social things, such as postal delivery, adequately fair treatment in the court and mass transportation.

This is a feature of human beings' mental capability. However, the capability of one individual is not enough – the process of understanding the environment is very consuming. The real power of mankind in understanding and controlling physical reality comes from cooperation. To fully employ this power, we are not allowed to build a one-dimensional social order or overemphasize some individuals. A good order need not to be fully comprehensible: one dimensional orders, in the sense of 'order easily understood by human mind', restrict the possibilities of social development. The defect of overemphasizing certain individuals is clear: the limitations of human understanding are quickly met if not allowed to rely on preprocessed information from other people. These definitions suggest a very liberal order, a very typical connectionist order. But the point is not entirely on the capability of social adaptation. Social life is more than reacting to economic signals. The society's capability to efficiently process information and react to all kinds of situations comes not only from order, but also from individuals, because they are conscious basic units of all social processes.

### Liberal Freedom

To build freedom, freedom must be restricted. Locke states that freedom is not freedom to do anything we want - how one could be free if anyone could order him or her about according to temporary state of mind? On the contrary freedom is freedom to command how one wants to use his own person. Human is not dependent of other's accidental will but follows freely will of his own (see Locke, 1995).

In unrestricted capitalism everything is free - if society is considered separate from the environment. In human functioning, however, mutual relations and belonging to the environment is important. It can be asked which one is freer: very liberal capitalism, where free competition has led to monopolism and only certain individuals enjoy nearly limitless freedom or restricted capitalism where all individuals enjoy restricted freedom. The general standard of welfare is higher in the latter one and thus the amount of economic freedom is also higher. Extreme liberal freedom is very theoretical: everyone has chances of freedom - if they are born in the right environment and with suitable talents. It becomes obvious that two levels of freedom are observed: the one concerning the fundamental functioning of social units and the one involving social structure.

It is a misunderstanding of the situation to apply the microscopic freedom to macroscopic society: if a fundamentally free society is allowed to develop freely, it develops processes of restricting itself. This argument is against 'laissez faire' liberalism, because selfcontrol is an unavoidable property of really free society. And this argument is also against collectivist society with economic planning. In both cases the power of free connectionist society is restricted: in collectivism by destroying the foundations of higher social consciousness and in 'laissez faire' liberalism by denying the emergent selfcontrol and thus making the freedom rising from free foundations only theoretical. Connectionist model contempts itself if it denies emerging selfcontrol: changes in social structure are part of the social life and should not be banned from it.

## Ethical discussions

The single most powerful argument on behalf of socialism is the equality between individuals. This claim is very understandable, when we recall that this argument was made when monopolies dominated capitalism. Marx condemned capitalism on moral grounds. People often hold the view that the idea behind socialism is ethically valuable, but it fails in practice because of imperfect humans.

Besides arguing that capitalism is economically stronger because of its ability to cope with information much better, I also argue that capitalism is in practice ethically more justifiable than collectivistic orders. Mises had the view that: "Everything brought forward in favour of Socialism during the last hundred years, in thousands writing and speeches, all the blood which has been spilt by the supporters of Socialism, cannot make socialism workable." (Mises, 1981, p. 117) But it can be argued that although collectivism introduced slighter well-being, the increased morality and thus better quality of live outweighs the loss - an argument especially heavy on the emergence of social environmentalism. The intention is to argue that collectivism leads to ethically weak society, although the purpose of socialism is ethically valuable.

It cannot be denied that Marx noted correctly how a certain class of people was under tyranny in monopolistic capitalism. But replanning society was rash a conclusion. It is naive to think that becoming aware of a problem means understanding it. Simple solutions are seldom the best ones for the problems of real life. It is better to use methods found to be good in solving new problems than destroy them. Changes should have been started from inside the system. It would not have required strong adaptation of prevailing values: "... the inputs into the competitive market process may well be designed without invalidating in the least the spontaneous, evolutionary nature of the overall process. The problem-solutions that are entered into the competition typically are, to a larger or lesser extent, the product of explicit rational planning. Cars and video-recorders are, or course, designed products. And the same is, to a large extent, true for the solutions to social-institutional problems that compete in markets such as the organizational structure of business firms." (Vanberg, 1994)

It must be remembered that social permanence is also morally valuable for the personal individuals of society: "For Hayek, inherited moral and political principles serve indispensable functions: to generate coherent order (individual and social, respectively); to prevent what we have proved in the past to be 'bad', undesirable, or chaotic consequences; to enable man effectively to operate in an environment most of whose concrete particulars he does not and cannot know." (Raeder, 1997) Humans need permanent things to trust and rapid changes often make things worse. Thus a competent way of coping with social problems is to create an environment where the solution, or as it often is, solutions can emerge. This was examined by Loan in the context of Anglo-Saxon borh suretyship system. Loan depicts how voluntary borh system was replaced with a state managed frankpledge system. Because of the artificial nature of the frankpledge, the importance of good reputation fell drastically. As a conclusion Loan emphasizes the devastating effect of forced social reforms:

"... as this paper demonstrates, they [suretyship and assurance] are basic institutions for any liberal order... [...] Moreover, all of this was done on a voluntary basis, without any resort to coercion or forced redistribution of resources. The historical evidence presented here should force us all to reexamine many common presumptions: that such "services" as law and police can only be provided by the state, that social welfare is best provided by some form of forced redistribution..." (Loan, 1991/1992)

I have emphasized intellectual humbleness, admitting of the deficiency of human wisdom. Replanning social order is impossible, because it never was planned by a one consistent party. This

does not imply that we can not carry out the operation of this "intricate machinery": restricted knowledge of the real character of society does not mean we cannot be active parts of it. This is analogical to human mind: even though it is not clear at all how human mind functions we can be very successful in using it. In social problems decisions have to be made, even if there are only bad and worse options. On individual level social life can be judged by intentions, which is more flexible for personal life, but common social decisions must be teleological. Good intentions are overruled with the plentitude of differencing intentions. Society should work towards welfare: "Salus populi suprema lex" (Locke, 1995). People's welfare is the supreme law and the inner mental life represents a crucial part of it, but is not applicable to the whole society.

In this sense liberalism is ethically justified. Fundamental freedom creates a social environment where selfcontrol can emerge and the welfare of people increase. This was also the aim of socialistic collectivism, but social planning lead to decline of welfare and situation was in the end unethical. And as I stated, intentional ethics are incompetent in social context, because intentions diminish in the spatial and temporal complexity of social life, but the consequences remain visible.

Locke said that the eras of wise kings have been the most dangerous to people's freedom. When the successor of such a king manages administration with different thoughts, he takes the actions of the good king as his model and makes it the measure of his own freedom (see Locke, 1995). Absolute power, even though grounded with good intentions, often turns out to be bad in the long run. The role of an excellent autocrat is an impossibility: Rousseau considers a good legislator equal to god (see Rousseau, 1997, p. 84 – 86). A good autocrat needs to understand all human passions but possess none of them. He must be subjective and objective at the same time. Objectivism can not prevail in autocrat, so objectivism can only emerge from institutions where different subjective views struggle. All long run politics is institutional. (see Popper, 1974, p. 182). Collectivism is a one kind of absolute power and does not encourage opposition. Centralised power, such as the central planning of collectivism, is more vulnerable to tyrannical tendencies than distributed power. It is up to the planner to make the society where everyone has equal opportunities - or where members of a certain race have better opportunities. It can be seen that bad leaders in collectivist societies are more dangerous than in democratic societies. Thus collectivism is more willing to lapse into unethical decisions. A perfect social order is immune to tyranny, because of intricate social institutions which diminish the thoughtless actions of some individuals. But as Popper states, democracy is not immune to personalism – but has better tools to cope with it. If it is objected that with some method the continuity of good sovereigns can be confirmed, as it is in Plato's social model or in the racial program of Nazis, I must remind of the intellectual inabilities of the mankind. Many men who were considered wise stumbled to allures of temporal fanaticism - as an example Heidegger, who was a Nazi and a cowardly hypocrite, but also one of the greatest thinkers (see Rorty, 1998, p. 65). Comprehension of the situation and the depth of the thought are not the same. It is impossible to create a wise ruler, because the birth and the profound nature of the human mind is unknown to us.

## Conclusion

Using the connectionist model of society made us to understand, how little differences in the structure of the society can lead to a drastically different embodiment of society. Connectionism emphasizes the importance of information for efficient social life, but it was noticed that the connectionist approach to information forgets personal information and adaptation. It overlooks feelings and beliefs, the Popper's third world of abstract products of the mind, as strong social forces. Connectionism successfully points out how Marxists overestimate the human's capability in constructing a consistent social order. Still connectionism fails in understanding the real nature of

humanity: the critique towards the ill role of information in socialist thinking falls short because of not realizing the personal nature of human being as a processor and mediator of information. The connectionist input -> process -> output model (see Järvillehto, 1994, p. 55) can be considered insufficient: if we separate individual from society and block all cognitive input, individual still continues to produce output, because of human's "inner message loop", internal cognitive processes. Ignoring the interplay of human and environment is perilous: the idea of cultural evolution - which is used to explain emergence of society in connectionist social thinking – requires delicate cooperation of the individual, community and environment (see Leakey, 1978, p. 198).

The groundwork of socialism is ethically strong, except for its arrogance in estimating the range of rational thinking. This mistake in foundation leads to an inoperative society, which eventually gives birth to degeneration and decline of ethical values. Marxism was set out to destroy monopolistic capitalism and exploitation, in which it succeeded, but failed on constructing a better social order. Socialist society was a product of imperfect human mind and failed especially because of not understanding the role of information, which connectionist examination showed to us. Generally, revolution is rarely good: permanence is essential for human community and only through understanding the past we can get rid of our momentariness. As writer and poet Nikos Kazantzakis depicts it: people from yesterday, today and tomorrow form a great body and we are its faces.

In the light of this essay the best order for society is restricted capitalism. The democratic basis makes continuous development possible and is a fruitful ground for the superconsciousness of society to emerge: the magic of capitalism. This consciousness must be accepted entirely – economics, for example, can not be left out of the control of society. However social superconsciousness does not require black-box approach: on the contrary, study of social forces is a necessary outcome of free social development. Argumentations against restrictive tendencies of society can not be based on the ideal of freedom: control is an inevitable product of free society. Freedom is not irresponsibility or mere pursuit of own profit.

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Notes:

I explain my opinion in a little detail because it has some relevance here, or actually to show that it does not have relevance in this matter. The view on human mind that I hold is of emergent materialism, not a surprising choice for a connectionism enthusiast. Materialists argue that there is a great body of evidence that material events affect mental functions, but no concrete evidence against it. On the non-materialistic hand, reducing human to “machine” chained by deterministic laws leads to the loss of free will, which makes all social considerations pointless - though physical determinism is at least uncertain in the light of quantum physics. However, deterministic or non-deterministic may the world be, it does not make any difference: determinism is a property that can be seen only outside of our world. When considering free will we must not forget that it is defined inside our world and must not be reflected with determinism which is external to our world (I remind that this consideration with large abstract concepts is very vague, as it was pointed out by Wittgenstein. If the answer can not be expressed, then the question can not be expressed either. Reasonable puzzles can be answered (see Wittgenstein, 1984).). The misconception of determinism is similar to erroneous, though funny, thought of seeing all the clocks stop if the time of our world was stopped.