

“We might distinguish the natural sciences from philosophy and theology, but it is a mistake to see them as extrinsic to one another, each existing in its own neat epistemological and ontological compartment. Although at first it might seem counterintuitive, the proper autonomy of these areas of inquiry depends upon their interdependence.” (“Science, Philosophy, and God,” *Public Discourse*, January 29, 2016)

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## Hayek’s Modern Family: Classical Liberalism and the Evolution of Social Institutions

**Steven Horwitz**

New York: Palgrave Macmillan, 2015 (313 pages)

Friedrich von Hayek has inspired economists, particularly economists from the Austrian tradition, to better understand the importance of coordination within a modern market system. However, these Austrian economists have left a glaring hole in their scholarship: There has been little written about the family. Steven Horwitz seeks to rectify this oversight in his *Hayek’s Modern Family: Classical Liberalism and the Evolution of Social Institutions*.

Horwitz uses Hayek’s *The Fatal Conceit* to represent the core of Hayek’s approach to societal change. Hayek there distinguishes between micro-orders and macro-order. Micro-orders reflect humanity’s history of face-to-face interaction, whereas the macro-order reflects the Great Society. (Hayek’s concept of Great Society, which allows micro-societies to interact without state interference, has nothing to do with the better-known Great Society of Lyndon Johnson.) The micro-societies’ emphasis on personal interaction works well with small groups akin to the family, but the Great Society requires an anonymous system that allows for spontaneous-order creation. Hayek’s description of spontaneous order is well known. The Great Society’s focus on means allows individuals to choose different ends. In so doing, the Great Society allows the market’s pricing system to discover information that would otherwise remain unknown.

Hayek understood that traditions were the repository of generational knowledge. Austrian economists believe that knowledge is dispersed, contextual, and tacit. Traditions help communities pass on this tacit knowledge to each new generation. However, these are living traditions that continuously observe which ways of living best interact with the evolving marketplace. Tradition is required for the market economy, which in turn affects those traditions.

The family is, of course, one of the most important traditional micro-societies. Horwitz distinguishes between the family’s form and function. He relies heavily on research by Deirdre McCloskey and Stephanie Coontz in arguing that the history of the family is the history of an evolving institution. As market conditions have changed, so have the family’s functions changed. Similarly, the family’s form has changed along with its function.

Horwitz explicitly relies on Maslow's hierarchy of needs. Capitalism has created more wealth, thereby allowing individuals greater choice in both economic and social arenas. The premodern family viewed children in more explicitly economic terms. In a capitalistic society, families no longer see children as agricultural laborers, marital pawns for political peace, or parental pension plans. As these roles have been shifted to the Great Society, parents now view children in self-actualizing ways. The modern family's functions include both taking care of children and fulfilling emotional and psychological needs of adults.

The book's most engaging chapters are those in which Horwitz applies Austrian economic principles to the modern family. He applies to marriage and divorce the Austrian approaches to disequilibrium, plan formation under uncertainty, and human capital. If we consider divorce to be a plan failure, what might we learn about contemporary marriage and divorce?

Horwitz intriguingly argues that human capital within marriage should be differentiated between market-oriented capital and household-oriented capital. How much capital do individuals create given their assumptions regarding the expectations of the marriage contract's duration? As individuals expect a shorter marriage contract, they will change their individual capital campaigns. Horwitz intriguingly suggests how modern marriage and divorce laws could impact capital allocations between men and women.

Readers might be initially surprised by Horwitz's chapter on parenting strategies. Why would an Austrian economist transition from analyzing marriage breakdown to praising "free-range" kids? In fact, classical liberal thinkers going back to John Locke have realized the importance of childhood education for the classical liberal society.

Horwitz worries that today's hyper-parenting style is pushing externalities on the rest of society. Children who enjoy unsupervised play discover rule-bound activities with unknown outcomes. In other words, children discover risk and reward. More importantly, they also learn how to resolve conflicts without a supervising authority. Today's hyper-parenting instead creates children who demand that society eliminate any potential risks. "If we were to lose the skills [of resolving conflict]," he writes, "it is not hard to imagine that people would quickly turn to external authorities like the state to resolve them, or would demand an exhaustive list of explicit rules where such a list might not be possible."

Horwitz suggests that family policy should look at the rights of the child, the rights of parents, and the best interests of the child. He recommends using the concept of stewardship. Parents make an agreement with the rest of society when they undertake their parental responsibilities. This both gives parents rights and prohibits parents from abusing their children: "Children's rights come from the responsibility of adults to not raise children who impose costs on other adults." State protection of children's rights, he warns, should always assume the probability of government failure.

Horwitz believes that same-sex marriage naturally flows from the contemporary understanding of the family's functions. The fundamental change happened when marriage was defined as an association based on love instead of economics. Changing the family's form to include same-sex couples is only a secondary change, in his view. He notes that plural marriage could be a similarly natural familial evolution.

*Hayek's Modern Family* is a truly wide-ranging book. It combines political theory, economic analysis, historical overview, constitutional analysis, and public-policy recommendations. Perhaps Horwitz now understands why Austrian economists have so studiously avoided this topic, which stands at the intersection of so many disciplines, controversies, and policies.

Particularly when he is writing theoretically, Horwitz respectfully interacts with obvious objections. In that spirit, I present several criticisms.

Surveying a thousand years of family dynamics requires relying on secondary historical sources. Horwitz relies on Jack Goody's work when arguing that the medieval Catholic Church crafted marriage and adoption rules in order to obtain land from childless widows. A more nuanced understanding of medieval family laws could have been discovered in Michael Sheehan's essay "The European Family and Canon Law" (*Marriage, Family, and Law in Medieval Europe: Collected Studies*).

The debates surrounding evolutionary psychology need not be repeated here. However, Horwitz's reliance on evolutionary psychology uneasily sits with his discussion of fertility rates. Horwitz refreshingly acknowledges the importance of higher fertility rates in the developed world. He assumes that, from an evolutionary standpoint, we will have higher fertility rates. But how? He hopes that families' desire for comparative genetic advantage might lead to higher fertility rates and suggests that the consumption benefit of having more children might change. To his credit, Horwitz presents possibilities without hiding the fundamental problem. If you think original sin might better explain contemporary human behavior, Horwitz's confidence in future higher fertility rates is overly optimistic.

Stressing self-actualization raises the question as to whether all forms of self-actualization are objectively equal. Horwitz repeatedly acknowledges this problem when he talks about the dangers facing the modern family. He repeatedly states that if capitalism leads to family activity that gives us weak children, then capitalism will indeed have sown the seeds of its own destruction. But if marriage is redefined in terms of personal self-actualization, can the institution fulfill the childrearing responsibility?

Horwitz assumes that adults' self-actualization will include children. But successful, fertile marriages require self-sacrifice. Are today's increasingly secular young people capable of such voluntary, sacrificial self-actualization? What if young people completely separate marriage as romantic self-actualization from childrearing? I am skeptical that they can make those sacrifices as a conscious expression of self-actualization.

A natural-rights thinker might instinctively ask whether America's Declaration of Independence would not be a more accurate way of describing children's rights. What if children have rights given to them by God rather than by virtue of their potential externalities to the community? Of course, this would require shifting from a political theory based on consequentialism to one based on natural rights.

*Hayek's Modern Family* is a welcome, if puckish, addition to the contemporary discussion of the modern family. It is unlikely to change readers' underlying beliefs regarding

consequentialist theory, evolutionary psychology, or the nature of marriage and family. However, the author's Austrian economic analysis of the factors affecting contemporary family decisions is a helpful conceptualization of difficulties facing young people today.

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