

Market Order and Panopticism

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Abstract

The Panopticon is Jeremy Bentham's project of an inspection house that represents a model for the exercise of power and extraction of labour. Panopticism is the term used by Michel Foucault to refer to a principle that wants to establish the automatic functioning of power by means of an arrangement of activities and bodies through space, in which individuals are not subjects who specify the norms of their interrelations. Rather the norms governing their relations to the whole are pre-given and embedded within a mechanism. The market on the other hand, is the emerging control mechanism that, according to F.A. Hayek, allows the co-ordination of individuals plans.

In this paper I argue that there is a common theoretical plane between the market mechanism understood in Hayek's terms as a mechanism of co-ordination of individual plans, and Bentham's principle of *panopticism*, understood as device for the enforcement of discipline, secure management of a multitude and extraction of labour. This common theoretical plane can be recognised once we discard Hayek's metaphysical views on evolution, and compare Hayek's market and Bentham's panopticon in terms of their rationales as mechanisms, rather than in terms of their genealogy. In section 2 I will review the broad features of both Hayek's idea of market order and Bentham's *panopticism*. In section 3 I discuss the overlapping between the two systems, while in the conclusion I briefly discuss the implications of the common theoretical plane between these two apparently opposite systems. Here I suggest that the current global market order can be theorised in terms of a "fractal-panopticon", that is a series of overlapping and interrelated virtual "inspection houses" in which competition *and* the configuration of property rights combine to constitute a global disciplinary mechanism in the form of market freedom.

1. Introduction

The market and the Panopticon seem to inhabit two different universes. The first one is the galaxy of freedom, the order of a *cosmos*, emerging as an unintended result of the interaction of choices freely made by individuals. The other is the constellation of dungeons, the *taxis* designed by the freedom of the planner that hold with a grip the lives of the subjects of the plan and who has a project in mind and wants it to put it to work. Hayek, the paladin of market freedom and spontaneous order, has no kind words for Jeremy Bentham and his likes, the rationalist constructionists with their designed orders¹.

(Hayek 1988: 52)

¹ "Long before Auguste Comte introduced the term 'positivism' for the view that represented a 'demonstrated ethics' (demonstrated by reason, that is) as the only

Yet, in this paper I argue that there is a common theoretical plane between the market mechanism understood in Hayek's terms as a mechanism of co-ordination of individual plans, and Bentham's principle of panopticism, understood as device of discipline, secure management of a multitude and extraction of labour. This common theoretical plane can be recognised once we discard Hayek's metaphysical views on evolution,² and compare Hayek's market and Bentham's panopticism as two given mechanisms, their rationales rather than their genealogy.

To my knowledge, this commonality has never been highlighted by a comparative analysis. There is of course a good reason for this. The two authors belong to two different strands of liberal thinking, Bentham regarded by Hayek a rationalist constructivist who, together with Descartes, Hobbes and Rousseau, held the "erroneous conception" that societies can give itself "laws" in accordance to some high principle of justice. (Hayek 1973: 95) While for utilitarianism, optimisation of pleasure provides the only rule by which to judge the institutions governing human behaviour ("the greatest happiness for

possible alternative to a supernaturally `revealed ethichs' (1854: I, 356), Jeremy Bentham had developed the most consistent foundations of what we now call legal and moral positivism: that is, the constructivistic interpretation of systems of law and morals according to which their validity and meaning are supposed to depend wholly on the will and intention of their designers. Bentham is himself a late figure in this development. This constructionism includes not only the Benthamite tradition, represented and continued by John Stuart Mill and the later English Liberal Party, but also practically all contemporary Americans who call themselves `liberals'" (Hayek 1988: 52).

² Hayek regards the emergence of capitalism as the result of a process of natural evolution. He does not acknowledge the role of power, struggles and states in the emergence of property rights, for example through a variety of enclosures. On this point see Gray (1998: 151) and on the role of the state to shape markets see the classic statement by Polanyi (1944).

the greatest number"), for Hayek this rule would rely on the assumption of omniscience, an assumption systematically challenged by Hayek.

What sparked the interest in this comparison however, is that in Bentham's panopticon, unlike his general utilitarian philosophy, omniscience is *not* a pre-given assumption, nor a result of the social interaction organised by the panopticon. Instead, the need for the panopticon as a mechanism of inspection arises, so to say, out of the acknowledgement of the "central planner's" ignorance. Like the market for Hayek, the panopticon provides a mechanism to overcome this ignorance. Never in the taxis of the panopticon order there is the presumption that power "knows it all", only that the inspected, the unwilling participant in this order, would *conceive* power as omniscient. On the other hand, power in this order acknowledges the "tacit" aspect of this "knowledge of the inspected," and the panopticon order is designed precisely to capitalise on this. *Prima facie*, therefore, there are important similarities between Hayek's and Bentham's systems. The similarities that emerged in an initial superficial comparison are, I believe, confirmed when one analyses the two systems in more details.

In section 2 I will review the broad features of both Hayek's idea of market order and Bentham's *panopticism*. In section 3 I discuss the overlapping between the two systems, while in the conclusion I briefly discuss the implications of the common theoretical plane between these two apparently opposite systems. Here I suggest that the current

global market order can be theorised in terms of a "fractal-panopticon", that is a series of overlapping and interrelated virtual "inspection houses" in which competition *and* the configuration of property rights combine to constitute a global disciplinary mechanism in the form of market freedom.

2. Market order and Panopticism: the two principles stated

Hayek' spontaneous order

Designed Vs spontaneous order

Hayek's general theory of spontaneous order points out that capitalism is the unintended outcome of the widespread observance of certain "non-designed", non-planned norms. Hayek identifies an important dualism between designed and spontaneous order, "a profound tension between the goals of designed institutions and the resulting spontaneity of an evolving order (Sciabarra 1995: 31)."³

This tension between two extreme ordering principles of individual activities *within* a systemic whole constitutes the horizon of intervention of Hayek's academic and political work.

³ Order on the other hand is defined as "a state of affairs in which a multiplicity of elements of various kinds are so related to each other that we may learn from our acquaintance with some spatial or temporal part of the whole to form correct expectations concerning the rest, or at least expectations which have a good chance of proving correct. It is clear that every society must in this sense possess and order and that such an order will often exist without having been deliberately created" (Hayek 1973: 36).

To put the problem of order at the centre and to point to its spontaneous emergence implies a conceptualisation of the individual as *social* individual. This is not only because

Living as members of society [we are] . . . dependent for the satisfaction of most of our needs on various forms of co-operation with others. (Hayek 1973: 36)

Adam Smith had already recognised this social dimension of production. But unlike Smith and neoclassical economists' Robinsonisms, Hayek's whole is more than the sum of its parts, because it includes *relations* among them. In this order, " each element affects and is affected by the others, jointly constituting and being constituted by the whole" (Sciabarra 1995: 31). Because of these relations, the whole is not apprehensible through a synoptic understanding. The structure of social order can only be grasped from a specific vantagepoint (Sciabarra 1995: 31).

We should not be enchanted by Hayek's social individual. The latter is far from a transhistorical figure, it is a social individual of a particular kind, defined *ex post*, after a given configuration of property rights pose individuals as *private* individuals.

The problem of order emerges from this definition of individuals as private (in Marx's sense (1844), as alienated). By virtue of being fragmented private individuals, they have expectations and plans that do not match. The "matching of the intentions and expectations that determine the actions of different individuals is the form in which order manifests itself in social life." (Hayek 1973: 36)

This matching of expectations of *private* individuals can, according to Hayek, be the result of two ordering principles, one that "derives . . . entirely from the belief that order can be created only by forces outside the system (or 'exogenously')." (Hayek 1973: 36) This is the authoritarian ordering principle. The other, in which an equilibrium or order "set up from within (or 'endogenously') such as that which the general theory of the market endeavours to explain. A spontaneous order of this kind has in many respects properties different from those of a made order." (Hayek 1973: 36)

The superior character of spontaneous order in relation to designed order resides in the use that this order makes of knowledge in society (Gray 1998:28). Because "knowledge . . . exists . . . solely as the dispersed bits of incomplete and frequently contradictory knowledge which all the separate individuals possess" (Hayek 1945: 77) then the

economic problem of society is thus not merely a problem of how to allocate 'given' resources — if 'given' is taken to mean given to a single mind which deliberately solves the problem set by these 'data'. It is rather a problem of how to secure the best use of resources known to any of the members of society, for ends whose relative importance only these individuals know. Or, to put it briefly, it is a problem of the utilization of knowledge which is not given to anyone in its totality. (Hayek 1945: 77-78)

The problem of social order thus is a problem of how social knowledge is created and distributed among private individuals, what rules or

patterns are created to connect and match their independent plans.⁴ Knowledge thus not only takes up the form of individual plans, private purposes, but also that of *praxis*, of rules followed by private individuals in their interaction⁵.

Private individuals follows three kinds of rules, and these "chiefly negative (or prohibitory) rules of conduct . . . make possible the formation of social order". First, there are those "rules that are merely observed in fact but have never been stated in words." Second, "rules which we are able to apply, but do not know explicitly; (2) rules that, through they have been stated in words, still merely express approximately what has long before been generally observed in action." Finally, third, there are those "rules that have been deliberately introduced and therefore necessarily exist as words set out in sentences." The problem with all kind of constructionists is that they "would like to reject the first and second groups of rules, and to accept as valid only the third group" (Hayek 1970: 8-9).

The first and second group of rules instead constitutes tacit knowledge. It is precisely because of tacit knowledge that, according to Hayek, a central authority cannot solve the co-ordination problem. The

⁴ Note that precisely because the starting point are private individuals, the problem of co-ordination of individual plans is often the problem of co-ordination of conflicting plans. Let us make a classic example, the co-ordination problem arising out of two social figures, capitalists and workers. The workers have a plan, to get a wage. He has knowledge of how poor is life without it. The employers have knowledge of the conditions of the market. The mechanisms that coordinates their conflicting knowledge rooted in conflicting standpoints within society, is one that enable to co-ordinate their actions without disappointing the *premises* that are at the basis of their actions.

⁵ Incidentally, therefore, the problem of social order in Hayek overlaps with the question of forces of production in a society.

latter would not only face the impossible task to collect all the information from individual agents including the tacit components, but also it will have to feed back unto them the information necessary to adjust individual plans to the central authority master plan. The only way to solve this problem is through a *mechanism* that uses *individual knowledge*, but at the same time in which each individual is *ignorant* of the overall outcome. The solution is in the duality between individual *absolute sapience* of (and engagement with) their private sphere and purposes (which include tacit components), and individual *absolute ignorance* of (and indifference to) the forms and outcome of their interaction. The model is a characteristic model of utter systemic opportunism; "I am only doing my job," says the Hayek's individual, never pondering about the social meaning of that "job". That is, in what ways and how that job is articulated within the whole.

The Market

Let us now see the qualities of 'spontaneous order' understood as market order. The market system is, according to Hayek, the best example of this evolved set of institutions. It is an impersonal *mechanism* with a problem to solve, that of co-ordinating individual knowledge and plans. This problem is discernible only if we drop the unrealistic assumptions of neoclassical economics that can show the benefit of competition only in presence of an unlimited number of

suppliers of a homogeneous commodity. ⁶ Unlike neoclassical economics which discusses competition on assumptions that “*if* they were true of the real world, would make it wholly uninteresting and useless” — because if everybody knew about data, then competition would result in a wasteful method of co-ordination among individuals — Hayek proposes to consider competition as a “discovery procedure.” (Hayek 1978: 179)

Mainstream economic theory cannot understand the true function of competition, because its starting point is a *given* supply of scarce goods. (Hayek 1978: 181) However, the discoveries of what and how much to produce; the discovery of “which goods are scarce goods, or which things are goods, and how scarce and valuable they are” (Hayek 1978: 182); or the discovery of “minimum cost of production”, or of the desires and attitudes of unknown customers (Hayek 1946: 100-1; Hayek 1978:182); all this is precisely what the market is supposed to find out. But note, this “finding out” by the market is at the same time a material force. Scarcity is a produced result of market interaction, not a presupposition. The process of competition on the market creates needs and wants (and therefore the correspondent lacks). Unlike the classical political economy tradition, prices are not only the expression of past activity, but those information signals that excites future activity, that allow individuals to focus their attention on what is worth producing and what is not. The price system is a

⁶ Thus “it need hardly be said, no products of two producers are ever exactly alike, even if it were only because, as they leave his plant, they must be at different places.

communication system. Knowledge which is widely dispersed through society can thus become effectively utilised (Hayek 1978:181-182; 188), not simply as *know-how* necessary for the production of individual commodities, but as a social force that makes it *necessary* to produce in certain ways and for certain purposes.

This compulsory aspect embedded within Hayek's liberal philosophy of freedom acquires a systemic character, and pervades the context within which private individuals can exercise their liberty. By letting themselves be guided by these common indicators (Hayek 1978: 60) private individuals have learnt to substitute abstract rules for 'the needs of known fellows' and for coercive, imposed ends (ibid. 61). In this condition, the individual's relation with the "other" is not direct, but mediated by "a system of abstract relations" in which "individual man can be directed by the private knowledge of his own purposes, and not by the knowledge of other people's needs, which is outside the range of his perceptions." (Hayek 1978: 268)

The order brought about by the market is one that never reaches the equilibrium position that neoclassical economists talk about, but in a sense only always approximate it. This because individual plans never end to mutually adjust through a series of negative feedback, the same that Smith defined under the category of invisible hand and that regulate prices in a market (Hayek 1978:184). Mutual adjustment of expectation is only one of the unintended outcomes of the market

These differences are part of the facts which create our economic problem, and it is little help to answer it on the assumption that they are absent." (Hayek 1946: 98)

order. The other is efficiency. The market in fact "also secures that whatever is being produced will be produced by people who can do so more cheaply than (or at least as cheaply as) anybody who does not produce it . . . and that each product is sold at a price lower than that at which anybody who in fact does not produce it could supply it" (Hayek 1978:185).

These aggregate demand and supply curves of economic analysis therefore, are not, in reality, pre-given, "but results of the process of competition going on all the time" (Hayek 1978: 187). Thus the formation of prices resembles the incessant and continuous process of formation of socially necessary time that Marx (1867) is referring to (De Angelis 1997). To the individual social singularities of the market engaged in the process of competition, this process of price formation embeds the duality of rewards and punishments of disciplinary processes identified by Foucault (1977). Thus doing, Hayek paints the social setting as a drawing that awaits the colouring of flesh and blood power relations. The forces of social changes are portrayed in their strategic setting, but the power relations within which these forces are embedded are completely invisible. Power is left only as an open implicit issue. Changes may occur only if

the few willing and able to experiment with new methods *can make it necessary for the many* to follow them, and at the same time to show them the way (Hayek 1978: 187; my emphasis).

The ways to "make necessary" the "required changes in habits and customs" are of course in principle endless, and all have to do with a form of power. But implicit to Hayek's point is that ultimately, there are two camps: those who are for change and those who are not because it is not in their interests. Competition creates the condition of a continuous compulsion and for continuous resistance to this compulsion:

The required discovery process will be impeded or prevented, if the many are able to keep the few to the traditional ways. Of course, it is one of the chief reasons for the dislike of competition that it not only shows how things can be done more effectively, but also confronts those who depend for their incomes on the market with the alternative of imitating the more successful or losing some or all of their income. Competition produces in this way a kind of impersonal compulsion which makes it necessary for numerous individuals to adjust their way of life in a manner that no deliberate instructions or command could bring about (Hayek 1978: 189).

But why is continuous "change" necessary? In presence of Hayek's rejection of a "hierarchy of ends" to evaluate human societies, the criteria brought forward by Hayek that justifies this continuous compulsion is the identification of an abstractly defined "progress" as

an end in itself⁷. There are two implications of this. First, "competition is valuable *only* because, and so far as, its results are unpredictable and on the whole different from those which anyone has, or could have, deliberately aimed at." Second, "that the generally beneficial effects of competition must include disappointing or defeating some particular expectations or intentions." (Hayek 1978: 180) The latter means that in the functioning of the market order, (Hayek 1978: 185) "a high degree of coincidence of expectation is brought about by the systematic disappointment of some kind of expectations". The market order rewards some, punishes someone else. The continuous process of compulsion and series of rewards and punishments "going on all the time", that is, the process of competition, has the property identified by Foucault (1977) as that of a "disciplinary mechanism". Bentham's panopticon is also one of these devices.⁸

⁷ "Progress is movement for movement's sake" (Hayek 1960: 41). This idealisation of movement for movement's sake, irrespective of the direction of the movement, its social outcome, what is produced and how needs are formed and met, and irrespective of the nature of social interaction, makes Hayek the quintessential capitalist apologist. This philosophical stand is in fact the closest to what Marx identifies as the nature of capitalism "production for production sake" or accumulation for accumulation sake." As the continuous process of accumulation implies the continuous need for blind adaptation to its movement.

⁸ It has been correctly argued that Hayek emphasis on progress for progress' sake internalises also an important contradiction between "a conservative attachment to inherited social forms and a liberal commitment to unending progress" (Gray 1998: 156). This contradiction is mostly revealed when the "unending progress" do actually destroys the authoritarian basis which helped to establish the premises of its movement, by, for example, destroying social cohesion through the undermining of patriarchal relations.

Panopticism

A “new mode of obtaining power”.

Bentham certainly does not claim the panopticon to be an emergent order. *Prima facie*, in his model of “inspection house” there is little rhetoric of the evolution of freedom. The panopticon is unmistakably an institution of confinement, and extraction of labour, and one designed precisely for this double purpose.

As it is known, the panopticon is a circular building with at the centre a watching tower with large windows. The peripheral ring is subdivided in cells, each of which has a window facing the outside and one window facing the tower. The light coming from the outside window therefore, allows the occupants of each cells to be seen as in many little shadow theatres (Foucault 1977), while the inspectors in the central tower, protected by blinds and by an opposite source of light, is at any time invisible to the eye of the occupants of cells. The cover of the 1787 project boasts the general principle of the panopticon (here called, following Foucault (1977), *panopticism*), which applicability, according to Bentham, is generalisable to any circumstance in which, to use Hayek’s terms, individual plans are not matching. As described in the front cover, the panopticon contains

the Idea of a New Principle of Construction applicable to any Sort of Establishment, in which Persons of any Description are to be kept under Inspection. And in Particular to Penitentiary-Houses,

Prisons, Houses of Industry, Work-Houses, Poor-Houses,
Manufactories, Mad-Houses, Hospitals, and Schools.

What prisoners, workers, poor, "mad" persons, patients, students have in common is the fact that they need to be put under inspection, because their individual "plans" do not match the plan that Bentham has in mind for them. To a variety of degrees, they all share the same desire of *escaping* from the particular confinement in which they are put, and *exercise less effort* in the work that they are asked to perform. Inspection fulfils this double role of maximisation of security and minimisation of shirking. The innovation is in Bentham's opinion that the principle of panopticism is generalisable to any situation in which "persons of any descriptions" would tend to follow or make plans that do not conform to a given norm, and therefore require to be kept under inspection. The Penitentiary-House is just an application of the Panopticon, in fact one "most complicated" in which "the objects of *safe-custody, confinement, solitude, forced labour, and instruction, were all of them to be kept in view*" (Bentham 1787:3).

In the preface, Bentham promises the solution of all problems pertaining to different spheres (health, education, production, economy, crime management, and public finance) through the application of "a simple idea of Architecture!", that is by a spatial configuration of *relations* between bodies, through the arrangement of bodies in space:

Morals reformed — health preserved — industry invigorated —
instruction diffused — public burthens lightened — Economy

seated as it were upon a rock — the Gordian knot of the Poor-Laws not cut but untied — all by a simple idea of Architecture!

(Bentham 1787: iii)

There is no doubt that this is a principle for the management of power relations, and nothing else. In particular, it is a principle to increase the power of the “inspectors” over the power of the “inspected” and thus allowing the latter to be put into “useful use”. The norm is usefulness of the inspected body. Without proper application of the panopticon’s principle, “persons of any descriptions” would tend not to conform to a given norm, and therefore require to be kept under inspection. This “new mode of obtaining power, of mind over mind, in a quantity hitherto without example” offered by the panopticon, is based on a simple principle: “the *centrality* of the inspectors situation, combined with the well known and most effectual contrivances for *seeing without being seen*.” (Bentham 1787: 21)

This introduces immediately a quality in the relation of power. Power is exercised not so much by the actual presence of the inspector over the inspected. The inspected does not need to *have full knowledge* of being inspected and the inspector *does not have* full knowledge of the plans and behaviour of the inspected. In fact, this “ideal perfection” is not possible, because it “would require that each person should actually be . . . constantly . . . under the eyes of the persons who should inspect them.” Thus, “this being impossible, the next thing to be wished for is, that, at every instant, seeing reason to

believe as much, and not being able to satisfy himself to the contrary, he should *conceive* himself to be so." (Bentham 1787: 3)

This situation would enable "the *apparent omnipresence* of the inspector . . . combined with the extreme facility of his *real presence*" (Bentham 1787: 25). The *conception*, rather than the reality, of constant surveillance is what gives the inspector a god-like character (omnipresence). To paraphrase Hayek, Bentham knows that the individual in authority — in the name of the inspector — cannot have full knowledge of the inspected, his actions, and his plans. But Bentham uses an architectural design to reverse this potential ignorance and turn it into a potential knowledge to the inspector's advantage.

Modularity and productivity of power

Another aspect of the generalisable character of the panopticon principle is in the modularity of its constituent parts, the peripheral ring, the central Tower, and the relations among them. This meant that the principle of the panopticon could cover "an area of any extent." For example,

If the number of rotundas were extended to *four*, a regular uncovered area might in that way be inclosed: and, being surrounded by covered galleries, would be commanded in this manner from all sides, instead of being commanded only from one. The area thus inclosed might be either *circular* like the buildings, or *square*, or *oblong*, as one or other of those forms were best adapted

to the prevailing ideas of beauty or local convenience. A chain of any length, composed of inspection-houses adapted to the same or different purposes, might in this way be carried round an area of any extent. (Bentham 1787: 18)"

The panopticon therefore does not need a *singular centre*; it may well be constituted by a series of centres, as long as they are *integrated*.

Another aspect of the panopticon is that it leads to an emergent property, that of economy of scale in the production of inspection, the "*inspection force*"

On such a plan, either one inspector might serve for two or more rotundas, or, if there were one to each, *the inspective force*, if I may use the expression, would be greater in such a compound building than in any of the number, singly taken, of which it was composed: since each inspector might be relieved occasionally by every other. (Bentham 1787: 19)

It must be pointed out that this increased productivity of inspection depends on the increased pervasiveness of the panopticon principle, to *see without been seen*, once more "rotundas" are integrated. In other words, the greater the number or integrated rotundas, the more efficiently power can be organised through a panopticon principle. This panoptical's "efficiency of scale" of inspections an important quality for the fractal-panopticon discussed in the next section.

Unwaged work of inspection

As part of the increased efficiency of inspection, the Panopticon also allows the co-optation of the inspector's family unwaged labour. Provided "that room be allotted to the lodge . . . for the principal inspector . . . and his family, . . . the more numerous . . . the family, the better; since, by this means, there will in fact be as many inspectors as the family consists of persons, though only one be paid for it." (Bentham 1787: 23)

Bentham is very clear on why this should be the case, why would the members of the family of the head inspector would want to perform the duties of the family head. It is an utterly *free* choice, but one arises out of a *context* that has been entirely engineered, planned, designed.

Neither the orders of the inspector himself, nor any interest which they may feel, or not feel, in the regular performance of his duty, would be requisite to find them motives adequate to the purpose. Secluded oftentimes, by their situation, from every other object, they will naturally, and in a manner unavoidably give their eyes a direction conformable to that purpose, in every momentary interval of their ordinary occupations. It will supply in their instance the place of that great and constant fund of entertainment to the sedentary and vacant in towns, the looking out of the window. The scene, though a confined, would be a very various, and therefore perhaps not altogether an unamusing one. (Bentham 1787: 20)

Here, what appears as leisure, entertainment from the perspective of the family members, is turned into surveillance work. This free choice based co-optation of the inspector's family work is very similar in context in what we will see later the free-choice co-optation of the prisoner's work.

The rest of the world

The principle of modularity of the Panopticon can also be seen in another aspect. The Panopticon, a discrete building, can be interfaced with the outside world through an administrative device, bookkeeping and its publicity. In letter 9 Bentham envisages high rewards for those who will manage the panopticon. The chosen contractor will be the one who offers "the best terms." The contractor will be given "all the *powers* that his interest could prompt him to wish for, in order to enable him to make the most of his bargain; with only some reservations . . ." (Bentham 1787: 39). This is the publicity of the panopticon's accounts "the whole process and details of his management: — the all history of the prison . . ." Bentham would "require him" to publish accounts "on pain of forfeiture or other adequate punishment . . . and that upon oath."

The advantage of having this information is the institution of a mechanism that signals profits and losses to the rest of the world, and therefore enables a form of competition to take place. Bad management is demonstrated by loss of profit "for it is one advantage

of this plan, that whatever mischief happens must have more than eat out all *his* profits before it reaches *me*" (Bentham 1787: 41). The publication of the accounts is a way to increase the productivity of surveillance, its effectiveness, to maximise to the limit the panopticon principle. It is the means through which the disciplinary mechanism set in place can operate efficiently:

After such publication, who should I have then? I should have every body: every body who, by fortune, experience, judgement, disposition, should conceive himself able and find himself inclined, to engage in such a business: and each person, seeing what advantage had been made, and how, would be willing to make his offer in proportion. What situation more favourable for making the best terms? (Bentham 1787: 42)

Collateral advantages

The panopticon also offers a series of important "collateral" advantages. The first one is that the number of inspectors required is relatively less than a comparable establishment (Bentham 1787: 25). Second, the panopticon's principle also applies to all layers of the staff forming the inspection force:

the *under* keepers or inspectors, the servants and subordinates of every kind, will be under the same irresistible control with respect to the *head* keeper or inspector, as the prisoners or other persons to be governed are with respect to *them*. (Bentham 1787: 26)

This allows the panopticon be beneficial not only for the maximisation of inmates' discipline, but also of the inspectors' discipline, because "in no instance" (Bentham 1787: 26) could they either perform or depart from their duty." The panopticon therefore provides satisfactory answer "to one of the most puzzling of political questions, *quis custodiet ipsos custodes?*" Inspectors and inspected are both locked into a mechanism of surveillance. The panopticon is "no less beneficial to what is called *Liberty* than to necessary coercion; no less powerful as a control upon subordinate power, than as a curb to delinquency; as a field to innocence than as a scourge to guilt" (Bentham 1787: 27). The panopticon principle disciplines everyone, free and un-free.

The third advantage is a sanitised exercise of power, through the elimination of "disgust" and risks of infection due to the face-to-face interaction by making sure that the job of inspection is replaced by an impersonal mechanism, a device with which those who exercise power, can minimise to enter into contact with their subordinates.⁹

Finally, four, the panopticon ought to be open to visitors so as to give rise to a *system* of inspection. Again, Bentham here is referring to the system's ability to capitalise on the *unintended* results of visitor's action. The visitors, "without intending perhaps, or even without thinking of any other effects of their visits, than the

⁹ "Another advantage . . . is the great load of trouble and disgust, which it takes off the shoulders of those occasional inspectors of a higher order, such as *judges*, and other *magistrates*, who called down to this irksome task from the superior ranks of life, cannot but feel a proportionable repugnance to the discharge of it" (Bentham 1787: 27). The technology of power given by the panopticon, makes it possible to avoid entering the cells one by one to inspect. Thus, "by this new plan, the disgust is

gratification of their own particular curiosity" (Bentham 1787: 29) do contribute to the system of competition. A multi-layer system of inspection could emerge, in which "these spontaneous visitors" play the unintended role of "superintendent, assistants, deputies" of the inspectors "in so far as he is faithful" or "witnesses and judges, should he ever be unfaithful, to his trust". The motives of the visitors are for this purpose "perfectly immaterial; whether the relieving of their anxieties by the affecting prospect of their respective friends and relatives thus detained in durance, or merely the satisfying that general curiosity, which an establishment on various account so interesting to human feelings, may naturally be expected to excite" (Bentham 1787: 29).

The motivation of individual agents is irrelevant. What counts is their role within a system of inspection. Whatever their intentions and motivations to visit the establishment, by so doing they become *integrated* within the purpose of a system of inspection, in which everybody inspects everybody.

3. Market and Panopticism: two overlapping orders.

There are striking similarities and complementarities between Hayek's and Bentham's systems. These are summarised in box 1, and discussed below.

entirely removed; and the trouble of going into such a) room as the lodge, is no more

Box 1

Market and Panopticism: two overlapping orders

1. Genealogy. Role of the planner in the design of the *parameters* of the mechanism.
2. Impersonal mechanism of co-ordination of individual subjectivities (plans) for the maximisation of extraction of labour (Bentham) or maximisation of efficiency (Hayek).
3. Extension and integration. Possibility to generalise the mechanism through the social field through modular properties (Bentham) or commodification.
4. Power has imperfect knowledge of individual plans.
5. The mechanism relies on freedom of private individuals (*given* a menu). Emphasis on co-optation of unintended consequences of individual freedom.
6. Individual confinement as *condition* of individual freedom. In Bentham through cell's walls. In Hayek, through property rights which turn individuals into private individuals.
7. Mechanism of co-ordination (watchtower or competition) distributes punishments or rewards and is "invisible" to individuals. In Bentham, this is the power behind the watchtower, in Hayek it is the emergent and ongoing compulsion of the competitive process.
8. Both mechanisms function through "shadowy projections" of real life activities. In the panopticon through light signals, in competitive market through price signals.

1. Genealogy.

In the first place, and very briefly, there are, quite surprisingly, some genealogical similarities between the two mechanisms. While for

than the trouble of going into any other." (Bentham 1787: 27-28)

Bentham the construction of this mechanism resides squarely on the ingeniousness of the panopticon's planner, for Hayek, the market would be an emergent order *if* it were not for those like Keynesians and socialists, who put limits to the market evolution. But in Hayek, the policy implication is the same as in Bentham: the role of the planner is not that of co-ordinating individual action, but of producing the *conditions* in which private individuals operate.¹⁰

2. Impersonal mechanism of co-ordination.

Both systems are impersonal mechanisms of co-ordination of individual subjectivities that give form to social labour. The impersonal aspect of the co-ordinating mechanism is enthusiastically boasted by Bentham and it is a quality that makes it suitable to be applicable to a large variety of social subjects "in need" for inspection. As we have seen, in Hayek's market the emphasis is on abstract rules of conduct, which bind together private individuals so as there is no need for them to develop common aims.¹¹ As impersonal mechanism, the market frees individuals from the "need of known fellows" and yet allows them to socially co-operate in their labour. There are also some important parallels in the "aims" of this impersonal mechanism. For Bentham we are clearly talking about a mechanism aimed at extraction of labour and maximisation of profit (see letter 13 on "the means of extracting

¹⁰"Rational action is possible only in a fairly orderly world. Therefore it clearly makes sense to try to produce conditions under which the chances for any individual taken at random to achieve his ends as effectively as possible will be very high — even if it cannot be predicted which particular aims will be favoured, and which not." (Hayek 1978: 183)

labour" and the discussion below on individual freedom). For Hayek, we can reach this conclusion only if we look at the *process* embedded in the market order, rather than its end result.

For Hayek in fact, the end result of the market order (say a particular distribution of income, or any other particular "still picture" of the socio-economic condition) cannot be judged "by criteria which are appropriate only to a single organised community serving a given hierarchy of ends," because such a hierarchy of ends is not relevant to the "complex structure composed of countless individual economic arrangements." (Hayek 1978: 183) The word "economy" is in fact inadequate to describe a multitude of individual ends because it refers to "an organisation or arrangement in which someone deliberately allocates resources to a unitary order of ends." Instead, the market order, or catallaxy, does not have any particular end. But if this is the case, "what, then, do we mean when we claim that [it] produces in some sense a maximum or optimum?" If the market order cannot be said to have a purpose,

it may yet be highly conducive to the achievement of many different individual purposes non-known as a whole to any single person, or relatively small groups of persons. Indeed, rational action is possible only in a fairly orderly world. Therefore it clearly makes sense to try to produce conditions under which the chances for any individual taken at random to achieve his ends as effectively as possible will be very high — even if it cannot be

¹¹ On Hayek's abstraction see Gamble (1996: 44-46).

predicted which particular aims will be favoured, and which not.

(Hayek 1978: 183)

The catallactic order is the optimum condition within which individual freedom can be organised. It is not possible to predict the result of this discovery process because "the only common aim which we can pursue by the choice of this technique of ordering social affairs is the general kind of pattern, or the abstract character, of the order that will form itself." (Hayek 1978: 184)

If the market order cannot be judged for its ends, we can then make an opinion of it by looking at it as an incessant *process* within which social labour is caught. As we have seen, this process never reaches the equilibrium position that neoclassical economists talk about, because there is no pre-established equilibrium to reach. While in orthodox welfare economics, the role of the market is that of a "social computational device" (Kirzner 1973: 214) — which computes pre-established hidden prices given perfect information — in Hayek the role of the market as a discovery mechanism that communicate information, *creates* reality.

Continual mutual adjustment of expectations brought about by this discovery procedure allows the market order to generate efficiency by securing that "whatever is being produced will be produced by people who can do so more cheaply than (or at least as cheaply as) anybody who does not produce it." (Hayek 1978:185)

Thus, if the market cannot be said to have a "unitary order of ends", it prioritises a unitary rationale for human social interaction: the

endless promotion of efficiency, the endless unqualified "progress", the never ending rat race, the competitive compulsion that "goes on all the time". This is not an external "end product" of Hayek's market order, but its reason d'être.

3. Extendibility of the system.

Another similarity is in the potential spatial realm of the two mechanisms. It is true that *prima facie* Bentham's panopticon is a closed system, clearly limited in space, while Hayek's market order is an open one, which spans over the social field without inherent limit. Yet, Bentham micro-technology of power is generalisable thanks to the *modular* properties of the panopticon, which allow a series of watchtowers to be integrated so as to control larger areas (Bentham 1787: 18). Hayek's market on the other hand, is the representation of a social organism, but one whose dynamics of interactions among individuals is particularisable to any area of the social field, as long as individuals are turned into private individuals with "no need of known fellow". The last three centuries of commodification of many spheres of social life and its recent intensification are a clear extension of Hayek's market principle. Therefore, though their starting sphere of application is different, the two systems can be imagined as 'convergent'.

4. Authority's imperfect knowledge of individual plans

In both Bentham's and Hayek's order, power's knowledge of individual actions and plan is not perfect, and both orders' rationale is

to tap into this knowledge. In both cases, this co-optation of knowledge and tacit plans is at the basis of the system's maximisation of efficiency. Within their respective orders, power's acknowledgement of its imperfect knowledge becomes an opportunity to profit.

5. Freedom of private individuals.

It follows from 4. that both orders rely on freedom of *private* individuals understood as free choice of options from a *given* menu. While this is obvious in Hayek's market order, it is not immediately so in Bentham.

We have discussed how Bentham thinks to co-opt the free choice and intentionality of the inspector's family members and those of visitors to the systemic work of inspection of the panopticon. This unwaged work by the inspectors' family members is one which is unintended, exercised by free individuals operating within a *context* that has been designed for the purpose of surveillance *and* labour extraction.¹² A similiar principle applies to the inmates.

Letter 13 titles "on the means of extracting labour." These means are based on putting the prisoners in condition to exercise a *choice*

¹² "Neither the orders of the inspector himself, nor any interest which they may feel, or not feel, in the regular performance of his duty, would be requisite to find them motives adequate to the purpose. Secluded oftentimes, by their situation, from every other object, they will naturally, and in a manner unavoidably give their eyes a direction conformable to that purpose, in every momentary interval of their ordinary occupations. It will supply in their instance the place of that great and constant fund of entertainment to the sedentary and vacant in towns, the looking out of the window. The scene, though a confined, would be a very various, and therefore perhaps not altogether an unamusing one." (Bentham 1787: 20)

and therefore to reap a reward.¹³ Here, individual freedom of choice disconnected, as in Hayek, from the collective freedom to choose the constraints of that choice, amounts to a *means* to extract labour!¹⁴ And what an efficient mechanism of labour extraction is this:

What hold can any other manufacturer have upon his workmen, equal to what my manufacturer would have upon his? What other master is there that can reduce his workmen, if idle, to a situation next to starving, without suffering them to go elsewhere? What other master is there, whose men can never get drunk unless he chooses they should do so? And who so far from being able to raise their wages by combination, are obliged to take whatever pittance he thinks it most for his interest to allow? (Bentham 1787: 76)

In Hayek, the question of freedom is at the core of his investigation, and it assumes not so much the connotation of a moral theory (Gamble 1996: 41), but one of politics. This because the notion of freedom informs the strategic horizon of his legacy. For example, he writes:

My aim will not be to provide a detailed program of policy but rather to state the criteria by which particular measures must be judged if they are to fit into a regime of freedom. . . .Such a

¹³ "If a man won't work, nothing has he to do, from morning to night, but to eat his bad bread and drink his water, without a foul to speak to. If he will work, his time is occupied, and he has his meat and his beer, or whatever else his earnings may afford him, and not a stroke does he strike but he gets something, which he would not have got otherwise." (Bentham 1787: 67)

¹⁴ The British Library copy of the 1787 edition has a stamp of the "Patent Office" right above the title of this letter "on the means to extract labour". It would be interesting to uncover the history of this "intellectual property right".

program . . . must grow out of the application of a common philosophy to the problem of the day (Hayek 1960: 5).

Here Hayek's strategic horizon is clearly *deployed*. His philosophy of freedom is a weapon that serves as yardstick to make judgements, to measure concrete instances and evaluating them and see whether they conform to a "regime of freedom" understood in liberal terms. In a word, it is a liberal *line on the sand*. In this sense, Hayek is one of those economists who provide a flexible and adaptable conceptual grid, and is aware of this role. This conceptual grid represents the glasses through which liberal and neo-liberal economists in different contexts and times can filter out their reality, circumstances and historical contexts, and adapt their basic principles to these realities with policies.

This filter sees freedom as a relation between individuals as defined by private property. For Hayek, liberty has nothing to do with social individuals being able to define the conditions of their interaction. Freedom is defined negatively, as the state of 'independence of the arbitrary will of another' (Hayek 1960: 12). Freedom is taken away from an individual when "in order to avoid greater evil, he is forced to act not according to a coherent plan of his own but to serve the ends of another. " (Hayek 1960: 12) In this sense, freedom is to be free to choose from a given menu, in which the emphasis is not so much on the range of choices listed on the menu, but on the "given character" of the menu:

'freedom' refers solely to a relation of men to other men, and the only infringement on it is coercion by men. This means, in particular, that the range of physical possibilities from which a person can choose at a given moment has no relevance to freedom. (Hayek 1960: 12)

But is the "given character" of the menu a form of coercion? Is the fact that some choices are not contemplated — such as the freedom to choose the kind of rules of social interaction, the freedom to choose not to be governed by abstract rules, but by mutual recognition, or solidarity for example — a way to force people into choosing the remaining options? Hayek would not directly admit this, but his philosophy has a crack that lead to a positive answer to the question. Let us briefly explore this.

There are five fundamental freedoms in Hayek including ownership of property.¹⁵ Gamble (1996) and others have noticed that the freedom represented by ownership of property, is positively, rather than negatively, defined.¹⁶ This implies that as far as property is concerned, the negative, relational definition of freedom arises out of property monopoly. In other words, constriction arises from monopolising the means of existence, as revealed by his often-noted

¹⁵ These are "legal status as a member of the community; immunity from arbitrary arrest; the right to work at any trade; the right to free government and the right to own property" (Steele 1993: 33).

¹⁶ Gamble (1996: 42) rhetorically asks: "In a society in which the opportunities to own and acquire property were limited not by the arbitrary decision of rulers but by laws which allowed only members of one minority group to hold property, would it be justifiable to advocate the redistribution of property to increase the total sum of liberty?"

spring in the desert monopoly case (Hayek 1960:136).¹⁷ In this case coercion arises when ownership of means existence reaches an extent that it prevents *others* access to the means of existence.

In both Hayek and Bentham we have a clear emphasis on the emergence of unintended consequences out of given parameters, rules. Whether these are embedded in a designed architecture (Bentham) or the (naively believed) product of a evolutionary order (Hayek), the point that interest both is the resulting system-like mechanism of co-ordination. The system-like co-ordination can emerge only if the individuals are allowed a sphere of freedom within which to operate. For both Bentham and Hayek this mechanism is rooted on a system of individual free-choice, but individual free-choice always comes with a rigid *given* set of "constraints." In the microcosm of Bentham's panopticon, this constraint is the result of an ingenious project. In the organic system of Hayek's market, constrains are believed to be a naturally evolutionary result. Yet, in both cases, individual freedom is the main condition for the system to operate at maximum regime and turn out "individual plans" into social efficiency.

6. Individual confinement as systemic condition of individual freedom.

Another similarity is that in both cases we have individual confinement as a presupposed basis of the extent of their freedom. In the case of the individuals of the panopticon, the cell's walls are the

¹⁷ See Gamble (1996: 42). See also the discussion in Kuhathas (1989).

physical barriers that allow the creation of confinement. The purpose of "safe confinement" is to prevent escape and enforce labour. Safe confinement *isolates* the inspected from each other in order to dash their *hope*, and dangerous "*concert among minds*" (Bentham 1787: 32) which would overpower the guards. In the case of Hayek, the barriers are social, and constructed in the forms of *property rights*. In both cases however, the very existence of these barriers are *naturalised*.

7. Mechanism of co-ordination is "invisible" to individuals.

Another similarity is the notion that the co-ordinating power, the one that distributes punishments and rewards to individual singularities, is invisible. In both cases, there is an automatic mechanism that co-ordinates individual subjectivities, and in both cases the latter do not relate to each other *directly* but through the mediation of other things. In the case of the panopticon, it is the central power of the inspectors' apparatus that mediates between individuals and thus co-ordinates the division of labour of a multitude. In Hayek's case, it is the diffused power of money and market indicators that does the mediation.

8. The role of "shadowy projections"

Finally, both these mechanisms use projections of real life activity as data to feed the mechanism of control and co-ordination. In Bentham's panopticon, they are the mechanical products of an ingenious architectural design. In Hayek, prices fulfil the same role.

There is of course an important difference between the two mechanisms. The knowledge embedded by market pricing in Hayek is knowledge that all individuals can in principle use (Gray 1998: 38), while the one yielded by the shadowy projections of the panopticon do not. But this difference is ultimately the difference in how the “watchtower” is constituted in the two systems. We have to understand the watchtower as the centre of disciplinary power, as the dispenser of punishment and rewards. While in Bentham the watchtower is a material physical presence, that is pre-supposed and stands outside individuals subjectivities, in Hayek’s market order the centre of disciplinary power is the emergent property of individual competitive interaction. The knowledge embedded in Bentham’s shadowy projections gives the inspectors in the watchtower the same thing that market prices give to competing agents on the market: “systemic or holistic knowledge, knowledge unknown and unknowable to any of the elements of the market system, but given to them all by the operation of the system itself.” (Gray 1998: 38).

Conclusion: The market order as a Fractal-Panopticon

This overlapping between Bentham's and Hayek's apparently opposite systems of co-ordination of social labour opens up an understanding of the current global market order under construction as in fact imbued with the property of *panopticism*. It is certainly not this the place to investigate this further. Suffice this to say that following Bentham, it is possible to understand the latter as a modality

of power that rests on the principle of "to see without being seen", made possible by a flow of information that turns real subjects and activities into *data*, shadowy projections of real subjects. Combining these principles of panopticism with its property of *modularity* and Hayek's characteristics of the market as co-ordinating mechanism of private individual's actions, we can define the neoliberal project as one aiming at the construction of a system of interrelated virtual "inspection houses", which I called somewhere else, "fractal panopticon" (De Angelis 2001). In this project, individuals and networks of individuals, such as firms, industrial sectors, cities, nations, regions, etc. relate to a "watchtower" which sees, classifies, strike, punish and rewards according to the modality of the market. The watchtower of this fractal-panopticon of the neoliberal age is invisible, but its effects are tangible and operate through a process of competition. In this sense, the watchtower is an emergent property of competitive markets, in which Hayek's "competition that goes on all the time" embeds the systemic compulsory functions of Bentham's central tower. It must be pointed out that as in Bentham's panopticon, the role of the planner in the fractal-panopticon is to provide the design of a mechanism, which is then left to operate out of its internal logic of power between inspectors and inspected. Neoliberal policies can thus be regarded as attempts to define the *conditions* of interaction among private individuals, by extending and defending the realm of enclosures and competitive interaction.

Bentham however gives us a further insight. His panopticon is a place of safe custody, i.e. safe confinement preventing escape, and labour. (Bentham 1787: 31). Safe confinement is entirely built around the fact that inmates are *isolated* from each other that is communication among them is prevented. The control of communication among inmates is here the key factor, all other *hard* ingredients (thickness of wall, etc.) seems to be in the background. There are two reasons for Bentham's strategic choice of power's control of communication, and these are the ability to reduce inmates individual *hope* of escape from their condition, and established power attempt to avoid dangerous "*concert among minds*".¹⁸ In the condition of the neoliberal fractal-panopticon, the reduction of hope brought about by the *panseé unique* of our age seems to have received the first blows by new counter-globalisation movements that have begun to question competition as mechanism of co-ordination and instead explore new forms of communication and "concert among minds". By building bridges across political issues and subjectivities, women, labour, environmentalists, farmers and other movements are

¹⁸ "Overpowering the guard requires an union of hands, and a concert among minds. But what union, or what concert, can there be among persons, no one of whom will have set eyes on any other from the first moment of his entrance? Undermining walls, forcing iron bars, requires commonly a concert, always a length of time exempt from interruption. But who would think of beginning a work of hours and days, without any tolerable prospect of making so much as the first motion towards it unobserved?" (Bentham 1787: 32) In letter 8 Bentham addresses the issue of how can this confinement be applicable "to the joint purposes of *punishment, reformation, and pecuniary economy*."? Because it may be disputable that solitude may serve a purpose to reformation. But "In the condition of *our* prisoners . . . you may see the students paradox, *nunquam minus solus quam cum solus* [never less alone than when alone] realized in a new way; to the keeper, a *multitude*, through not a *crowd*; to themselves, they are *solitary* and *sequestered* individuals." (Bentham 1787: 35)

increasingly faced by the problem of exploring and thinking about new ways of social co-ordination that move beyond the one inspired by Hayek's market order and Bentham's panopticon. To do so however, they will face the greatest challenge of all, and this is to redefine a practice of freedom that break with the one that simply sees it as free choice from a *given* menu. It is time now to talk about what is on the menu!

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