

The Playfulness of the Market: Reading Hayek in the Light of Huizinga

“The fundamental problem of socialism is anthropological in nature.” – John Paul II, *Centesimus Annus*

“The man of system, on the contrary, is apt to be very wise in his own conceit and is often so enamoured with the supposed beauty of his own ideal plan of government [...] he seems to imagine that he can arrange the different members of a great society with as much ease as the hand arranges the different pieces upon a chessboard. He does not consider that the pieces upon the chessboard have no other principle of motion besides that which the hand presses upon them; but that, in the great chessboard of human society, every single piece has a principle of motion of its own, altogether different from that which the legislature might choose to impress upon it.” – Adam Smith, *Theory of Moral Sentiments*

“Socialism maintains that the good of the individual can be realized without reference to his free choice, to the unique and exclusive responsibility which he exercises in the face of good and evil. Man is thus reduced to a series of social relationships, and the concept of the person as the autonomous subject of moral decision disappears, the very subject whose decisions build the social order. From this mistaken conception of the person arises both a distortion of law, which defines the sphere of the exercise of freedom, and an opposition to private property.” – John Paul II, *Centesimus Annus*

These commonsensical reflections that persons are more like individual chess pieces with different principles of motion rather than pieces to be manipulated and directed by a single ordering principle or will remain the anthropological argument needed to present to socialists the meaning and danger of what Friedrich Hayek called “the fatal conceit.” The concept of persons as “autonomous subjects of moral decision” is one reality of the human condition in need of rediscovery and an ever-vigilant defense. The rule of law, human freedom, private property, and civilization are what is at stake based on our contesting concepts of the nature of the human person. How can we recapture a correct understanding of the person? How will this understanding bolster our defense for the free market, spontaneous order, private property, and competition? In order for such statements as: “the moral adventure of the free economy” (Robert Sirico) or “the essence of civilization is self-restraint” (Niall Ferguson) to have any resonance to those not already persuaded, I think it may help to appeal to more fundamental human experiences that teach us, from our earliest stages, to love order, to play by the rules, to enjoy competitive games and want to win them, to have esteem for

success and give commendation for it, and to desire flourishing beyond the satisfaction of necessity.

Johan Huizinga (1872-1945) was a Dutch historian and, in particular, a historian of culture. In 1938, he wrote a book called *Homo Ludens: A Study of the Play-Element in Culture*. The purpose of this study, he says, “is to try to integrate the concept of play into that of culture.” I just so happened to be reading *Homo Ludens* for the first time while also reading Friedrich Hayek’s essay “Cosmos and Taxis” in which Hayek makes a distinction between grown orders and made orders, between spontaneous and planned orders. I thought this related to Huizinga’s discussion of the play-element in culture – his countless examples of how civilization is an emergent order. Human cooperation is playful and experimental rather than coordinated or designed. The reality of the history of cultures attests to this. But I was delighted to find an even more explicit connection: In an appendix to *The Fatal Conceit*, Hayek says, “The practices that led to the formation of the spontaneous order have much in common with the rules observed in playing a game. To attempt to trace the origin of competition in play would lead us too far astray, but we can learn much from the masterly and revealing analysis of the role of play in the evolution of culture by the historian Johan Huizinga, whose work has been insufficiently appreciated by students of human order.”¹

It is important to analyze the playful, spontaneous way that civilizations (to the extent that they have any dignity and harmoniously serve to promote human flourishing) emerge in order to arrive at the humble recognition that, as Hayek puts it, “our moral traditions outstrip the capacities of our reason and our design.” Huizinga suggests that play is the basis of culture. (By calling his book *Homo Ludens*, he is bringing to us the contrast between the view of persons as knowers – *homo sapiens* – and persons as players – *homo ludens*). Three of his main concepts of play helpfully align with Hayek’s account of the “extended order of human cooperation.” And in these concepts which are empirical – observable across every era and culture – we can discover an antidote to the presumptive rationalism, constructivism, scientism, positivism, and socialism – all of which neglect that the true realm of morality is

¹ Hayek, 154.

constituted by a tradition “between instinct and reason” – a playful in-between our natural inclinations and our civilizing institutions.

In *Homo Ludens*, Huizinga discusses the play-element in culture across many spheres of human activity including: law, language, war, poetry, philosophy, and art. He does not explore the play-element in economics, though he suggests the possibility: “Now in myth and ritual the great instinctive forces of civilized life have their origin: law and order, commerce and profit, craft and art, poetry, wisdom, and science. All are rooted in the primeval soil of play.”² First of all, what does Huizinga mean by play? His most succinct articulation is this: “Play is a voluntary activity or occupation executed within certain fixed limits of time and place, according to rules freely accepted but absolutely binding, having its aim in itself and accompanied by a feeling of tension, joy and the consciousness that it is ‘different’ from ‘ordinary life.’”³ These are the attributes of play and without any explicit connection to economics, Huizinga identifies that competition as a fundamental element of play, too. He says, “To all appearances the play-sphere proper and the agonistic sphere are completely merged in the latter word”⁴ and, “Who can deny that in all these concepts – challenge, danger, contest, etc. we are very close to the play-sphere?”⁵

In order to have a hospitality in our imaginations for Huizinga’s anthropological insights, we need only ask ourselves: Is this the case? Is he telling the truth about the nature of human activities? A desire to be the first, to win, to “boast of his success to others,”⁶ a “competitive ‘instinct’ [that is] not in the first place a desire for power or to dominate...” He says, “The primary thing is to excel others, to be the first and to be honoured for that.”⁷ Is this true? If we are honest with ourselves, I think he is accurate. We tend to overstate reason and understate instinct. And yet we are somewhere in-between. We are prideful, concerned with honour, in pursuit of our own interests, and yet; we defer to those who are more praiseworthy, we recognize the merited dignity of

² Huizinga, 5.

³ Ibid, 28.

⁴ Ibid, 33.

⁵ Ibid, 40.

⁶ Ibid, 50.

⁷ Ibid, 50.

others, and we cooperate with others to realize their interests along with those proper to ourselves.

Huizinga analyzes the “development of culture in play-like contest.”⁸ With examples, he illustrates that, “art and technique, dexterity and creative power were, for archaic man, united in the eternal desire to excel and win.”⁹ The competitive impulse in persons is not fundamentally utilitarian or productive. In many cases, whatever is most useful and productive is discovered by accident. That is, the usefulness and productivity in ways of doing things follows from the experimental discovery processes of “contests, performances, exhibitions, challenges, preenings, struttings, [and] showing off...”¹⁰ My main point here is to say that competition is a fundamental human experience across various contexts. Far from being uniquely expressed in economic life, the agonistic element is a much more primordial and essential aspect of human existence that is productive of a flourishing culture, not only of a prosperous economy. By broadening our understanding of the role of competition in human affairs, we can appreciate the civilizing function that it serves, because competition correctly expresses the tension of relationship in which persons live and act. And, etymologically, “competition” has a double sense meaning both to “struggle against” and to “cooperate with.”

Glory and superiority,¹¹ honour,¹² excellence,¹³ merit,¹⁴ treating others,¹⁵ parading wealth¹⁶... these may each sound like matters of pride – and they are. To disregard pride in human affairs constitutes a non-recognition of reality and is simply a different form of pride leading to conceited and utopian visions. “Of course intelligent people overvalue intelligence,” Hayek points out.¹⁷ And of course we’d like to minimize the extent to which we think ourselves competitive, prideful, and self-interested. But the competitive

⁸ Ibid, 75.

⁹ Ibid, 169.

¹⁰ Ibid, 47.

¹¹ Ibid, 59.

¹² Ibid, 62.

¹³ Ibid, 63.

¹⁴ Ibid, 64.

¹⁵ Ibid, 66.

¹⁶ Ibid, 66.

¹⁷ Hayek, 53.

spirit is, as Huizinga puts it, also a “play-sense, [...] a spirit that strives for honour, dignity, superiority, and beauty.”¹⁸

Huizinga says that “winning means showing oneself superior in the outcome of a game.”¹⁹ I think that “in the outcome of the game” is the most important part of that sentence. This demonstrates the set-apartness of the consideration from ordinary life, outside the context of the game. A game can change the dignity of persons within the game, but not affect their unalterable human dignity which has no reference to performance, sport, or contest but is intrinsic. In the game itself – whether it is war, games, sports, or economics – there is something at stake. That “there is something ‘at stake’ – the essence of play is contained in that phrase,”²⁰ Huizinga argues. But the “something at stake” is, in an important sense, beside the point. The outcome is superfluous to the good and proper execution of the play itself. And this is how it is in all human activities; our evaluations of excellence involve considerations and evaluations beyond utility. We value honour, dignity, grace, style, ingenuity, novelty – really there are competitive exercises toward excellence in all its forms by anyone who tries to do something well and, within each activity, there are standards for what this means. My purpose here is not to say anything conclusive or definitive, but merely to broaden the horizon for thinking about the role of competition in human affairs, so that it is not recognized only within the economic context, but much more broadly as a humanizing orientation toward numerous kinds of excellence.

Through Huizinga’s history of cultures, we have an analysis of competition in its manifold expressions. He shows the ways in which humans compete for reasons beyond necessity or utility. “Like all other forms of play,” he says, “the contest is largely devoid of purpose.”²¹ Humans compete for the fun of the competition. Huizinga notes the expression: “It is not the marbles that matter, but the game.”²² Because there are many circumstances in which humans compete where the results – prizes, prices, or praise (which are all derivatives of the same root)²³ are superfluous to the play itself, this shows

¹⁸ Huizinga, 75.

¹⁹ Ibid, 50.

²⁰ Ibid, 49.

²¹ Ibid.

²² Ibid.

²³ “Prize, price, and praise” are all derivatives from *pretium*.” Ibid, 51.

that we will often subordinate outcomes to the proper execution of the play itself. To the extent that economics is a the study of human action, let's consider: if social rivalry, in broader culture, transcends utilitarian purposes and is often subordinated to religious and moral ideas about justice, fairness, and excellence, beauty, etc. then perhaps the same can be true about economics – that it is not strictly a matter or necessity, utility, or productivity, but that, as long as humans are the participants, there is, as Huizinga puts it, "... a sense of passion, chance, daring, as regards both economic activity and play activity."²⁴

After competition, the second main element that I identify in Huizinga's analysis of playfulness that relates to Hayek's analysis of the extended market order is unpredictability. In tracing the origins of contest in culture, Huizinga says: "Turning our eyes from the administration of justice to that which obtains in less advanced phases of culture, we see that the idea of right and wrong, the ethical-judicial conception, comes to be overshadowed by the idea of winning and losing, that is, the purely agonistic conception"²⁵ and, importantly: "We still acknowledge the incontrovertibility of such decisions when, failing to make up our minds, we resort to drawing lots or 'tossing up.'"²⁶ There is a need for contest in order to determine merit. And the outcome of the contest is decisive. The decisiveness through the play is then respected. At the heart of play is an "uncertainty, chanciness, and a striving to decide the issue and so to end it."²⁷

Hayek discusses competition as a discovery procedure. Through the uncertainty, "prices inform market participants of momentary conditions."²⁸ These market participants have limited knowledge and the economy is a "cultural process [...] of continual adaptation to unforeseeable events and to contingent circumstances."²⁹ In the market, participants cannot extract themselves from the process in which they participate and the process about which they seek understanding. This is a playful aspect of the market, too. Hayek captures human participation in markets with the paradox of "spontaneous order," making an important distinction between following

²⁴ Ibid, 151.

²⁵ Huizinga, 78.

²⁶ Ibid, 79.

²⁷ Ibid, 10.

²⁸ Hayek, 99.

²⁹ Ibid, 25.

rules of conduct versus having concrete knowledge about something. It's the distinction between "knowing how" and "knowing that."³⁰ This means that we know the limits and the rules of the game, but we do not know how our competitors will act, how the game will unfold, or what specific limitations we will face.

Of course, not all economic activity involves a playful disposition toward its precariousness and unpredictability. It is worthwhile for us to draw the distinction between economics insofar as it is a matter of necessity in contradistinction to economics which may be speculative in a playful way for the sake of acting in the world rather than attempting to be calculatingly predictive for the sake surviving in the world. I think that economics is playful when there is sufficient freedom and superfluity, when risk-taking is not a matter of life or death or even mere sustenance, but is in the pursuit of gains that would constitute a realm of abundance and wealth.

The third common element between Huizinga's analysis of play and Hayek's analysis of markets is limits, or rules of the game. Huizinga writes: "Though play as such is outside the range of good and bad, the element of tension imparts to it a certain ethical value insofar as it is a means of testing the player's prowess: his courage, tenacity and resources and last, but not least, his spiritual powers- his 'fairness'; because despite his ardent desire to win, he must stick to the rules of the game."³¹ Hayek very much attests to the orderliness of the market to such an extent that, I think, the term anarcho-capitalism would seem an impossible contradiction to him. Hayek understands markets as human interactions performed in accordance with specific moral traditions. The market is not merely a matter of individual acquisition. Instead, it is more an expression of etiquette and decorum. He goes so far as to say, "Virtually all the benefits of civilisation, and indeed our very existence, rest, I believe, on our continuing willingness to shoulder the burden of tradition."³² What is this burden of tradition? It is the "disciplined work, responsibility, risk-taking, saving, honesty, the honouring of promises, as well as the difficulties of curbing by general rules one's natural reactions of hostility to strangers and solidarity with those who are like oneself..."³³ Through the

³⁰ Ibid, 78.

³¹ Huizinga, 11.

³² Hayek, 63.

³³ Ibid, 65.

institutions and habits that have become to us almost such a given that we take these customs and rituals for granted, we have cultivated an order of political liberty and responsibility. Hayek fears that our forgetfulness about how the extended market order came into being jeopardizes its preservation.

Rather than constricting economic activity, civilizing institutions – when concerned with the rules of the game and not with outcomes – serve to create a framework for action. We understand how rules help to constitute games and sport. As G.K. Chesterton puts it, “Complete anarchy would not merely make it impossible to have any discipline or fidelity; it would also make it impossible to have any fun. To take an obvious instance, it would not be worthwhile to bet if a bet were not binding. The dissolution of all contracts would not only ruin morality but spoil sport. Now betting and such sports are only the stunted and twisted shapes of the original instinct of man for adventure and romance, of which much has been said in these pages. And the perils, rewards, punishments, and fulfilments of an adventure must be real, or the adventure is only a shifting and heartless nightmare. If I bet I must be made to pay, or there is no poetry in betting. If I challenge I must be made to fight, or there is no poetry in challenging. If I vow to be faithful I must be cursed when I am unfaithful, or there is no fun in vowing.”³⁴ Thinking about Huizinga and Hayek together, we could come up with market examples, such as: If I buy property, I must honour my contracts and have my property respected by others, or there is no fun in property ownership; If I take a loan to finance a new venture, I must be made to pay it back and then experience the profits or losses from my success or failure, or there is no poetry in risk-taking. I think that relating market activities in the realms of business, investment, entrepreneurship, and philanthropy to games and sport and play in general, can help to remind us that economics is about human action.

Huizinga analyses that games affirm the need for order in human affairs. He says, “... the natural restlessness and love of contest among men are disciplined by consent, into modes of play.”³⁵ This is the civilizing function of constraints – the bounds that are respected. Such rules and bounds include: mutual recognition of rules and humanity,³⁶

³⁴ Chesterton, *Orthodoxy*, Chapter 7.

³⁵ Huizinga, 103.

³⁶ *Ibid*, 90.

dignity and honour, reciprocal rights, diplomatic forms, mutual obligations, and honouring treaties.³⁷ This is why Huizinga identifies that trade has served to establish order and that it was first of all social rivalry – combined with interests, decorum, luxury, abundance, and novelty – that ordered the establishment of institutions of productive exchange. When the rules are more sacred than the results, then, as Hayek explains, “the extended order circumvents individual ignorance in a way that good intentions alone cannot do – and thereby does make our efforts altruistic in their effects.”³⁸

Ludwig von Mises argued that economics is a science of means, not of ends. By this he meant that it deals with the rules, not the results and with the process, not the products. Justice consists in the appropriate limits and parameters for free action. Hayek says, “The question then is how to secure the greatest possible freedom for all.” He answers: “This can be secured by uniformly restricting the freedom of all by abstract rules that preclude arbitrary or discriminatory coercion by or of other people, that prevent any from invading the free sphere of any other. In short, common concrete ends the are replaced by common abstract rules.”³⁹ Just as “it is not the marbles that matter, but the game,” a humanizing approach to economics says, particularly beyond the satisfaction of necessity, that it is not the economic outcomes that matter, but the economic opportunities. Discriminatory coercion and invasion into the free sphere of another forgets, ignores, or hampers that this person has his or her own principle of motion. It is also the destruction of the game. The market is to be played not managed.

The marketplace in its contemporary sense seems opposite to its ancient meaning of household or private affairs and is closer now to the public realm – a sphere of negotiating, which has more to do with public affairs and speech than with privacy and necessity. If economics is the study of human action, then it is helpful to consider other kinds of human action outside of economics. The anthropological argument that human persons are “between instinct and reason” and “playful” is relevant to understanding the competition, unpredictability, and limits within human affairs. Situating economics within an analysis of culture and play may help us to humanize economics and

³⁷ Ibid, 100.

³⁸ Hayek, 81.

³⁹ Ibid, 63.

demonstrate that it is simply one human activity among many, not a betrayal of what it means to be human but a particular expression of it. The concept of the playfulness of the market is an appeal to return economics to a study of human action – with its nuance, contradiction, irrationality, decorum, customs, institutions, subjective valuation, etc., etc.