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The Theory of Complex Phenomena

Mathematics helps us explain abstract patterns that we see in the physical world. Nonphysical phenomena are difficult to describe with formulas while we can look at physical phenomena and predict them simply.

Hayek talks about the theory of evolution as a pattern that we have incomplete information on. He is showing that we do not know exactly how we got to where we are on a social level but we can observe this in general if we look at it in a big picture.

Hayek believes that only economics and linguists have built theories to explain the theory of social phenomena.

Economic theory can only describe patterns that appear in general situations and cannot look at specific instances of this happening. In a non-socialist society there are millions of unique flows between households and firms and it is impossible to observe them all.

We must accept our own ignorance and the fact that we cannot explain every phenomenon just by studying it. We must look at things with a different point of view sometimes.