We may call its method unsatisfactory and the positivists may arrogantly scorn it. But such arbitrary judgments must not and cannot obscure the fact that understanding is the only appropriate method of dealing with the uncertainty of future conditions.

It was Mises' disciple, Friedrich Hayek, who fully explained the importance for economic understanding of recognizing the limitations of knowledge. It was as a result of his attempt to explicate the Mises-Hayek side of the celebrated socialist economic calculation debate that Hayek first articulated the significance for market competition of dispersed information. Hayek taught us that the crucial element in market competition is the circumstance that knowledge is never concentrated in a single mind—always dispersed. We never know everything. None of us. No single mind can possibly know everything. No single mind can possibly grasp the entire economic problem that tends to be solved through spontaneous market processes. In more recent work, Hayek has emphasized the character of market competition as, in his terminology, a *discovery procedure*—and I quote:

> Competition is . . . first and foremost a discovery procedure. No theory can do justice to it which starts from the assumption that the facts to be discovered are already known. There is no predetermined range of known or "given" facts, which will ever all be taken into account. All we can hope to secure is a procedure that is on the whole likely to bring about a situation where more of the potentially useful objective facts will be taken into account than would be done in any other procedure which we know. It is the circumstances which makes so irrelevant for the choice of a desirable policy all evaluation of the results of competition that starts from the assumption that all of the relevant facts are known to some single mind. The real issue is how we can best assist the optimum utilization of the knowledge, skills and opportunities to acquire knowledge, that are dispersed among hundreds of thousands of people, but given to nobody in their entirety. Competition must be seen as a process in which people acquire and communicate knowledge; to treat it as if all this knowledge were available to any one person at the outset is to make nonsense of it.

Hayek's broader philosophy has proceeded from these fundamental insights to appreciate their even more far-reaching implications. And Hayek in fact says that the very basis of civilization rests on these insights concerning ignorance: "Civilization rests on the fact that we all benefit from knowledge which we do not possess."

So far it might seem that these Austrian insights rest fundamentally on the awareness of human ignorance, on the limitations of human knowledge, but in fact they rest also on that second element in the open-endedness of knowledge that I have referred to. These insights rest, that is, also upon an appreciation for the propensity within human action to discover what was hitherto unknown—what I like to call the *entrepreneurial* propensity in human action. It is this propensity that is responsible for entrepreneurial alertness for pure profit opportunities, for entrepreneurial discovery, for bursting asunder the limits of existing knowledge. It is upon this alertness that we rely for the