

The Road to Serfdom

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Hayek does not see much difference between Communism, say under Stalin, or Nazism. What is common to them both trumps the differences. That Communism ostensibly seeks to establish goals we all approve of, and that Nazism pursues goals we loath, is just incidental. What unites them both is the spirit of collectivism, that is holding the welfare of the community higher than that of the individual. Both of them, in order to achieve their goals need to become totalitarian. And it is the phenomenon of totalitarianism per se, regardless whether good or evil, which is the crucial thing, and which is bad in itself, liable to corrupt and deform any good intentions.

The English spirit is rather unique and developed at the end of the 17th century and reached a perfection during the 18th and 19th when English political ideals spread over the world. Germany on the other hand stood for a reversal nourishing ideals of socialism and its concomitant collective thinking. Unfortunately, Hayek notes, those reactionary ideas, and to him socialism is reactionary and conservative in nature, have also taken root in England, the cradle of liberalism and individual freedom. England may be twenty-five or even fifty years behind Germany, but he sees to his horror, England treading the same path leading to Fascism, as the Germans have already trodden. The dangers are imminent, and hence the book is written as a pamphlet making a strong case against the path the English have chosen. In fact, as the author notes in the beginning, it is not a scientific work he is presenting, but a political tract warning against the dangers of collectivism, especially about its seductive appeal, because who in his right mind can oppose the values, the socialists are pushing?

Economics is a fact of life no matter what. It is a sentimental thought nourished by many, that economic considerations are sordid, and the individual who is freed from engaging himself in economic matters is lucky. However, Hayek points out, that we cannot relinquish the economical control of our lives, how irresistibly attractive such options may appear to us. Economic life is inseparable from political life, in fact there can be no true democracy without economic liberty. This idea, which at the time might have seemed provocative, has in recent decades been popularized and trivialized and become part of the dogma of modern life past the fall of the Berlin wall. Democracy is reduced to the two principles of fair elections and market economy. So what does Hayek really mean?

First he makes the point, illustrated by the invisible hand of Adam Smith, that modern economy is far too complicated to be centrally directed. It is not only a case of too much information circulating, but also a central economy presupposes a unity of values. In modern computer jargon, central planning is like serial processing, while individual initiative is like parallel processing. When information is spread out to many hands and heads it can be used much more effectively than if collected and processed by a single head. Each individual has a sphere of interest and command, and it is only within this personal sphere we can talk about competence and morality. A man exercises his moral sense not in

pronouncing on the large issues of life, but in acting within his power. Individual freedom means that the personal sphere should be left in peace and not inviolated by a government, as little as by other individuals. The notion of freedom is of course much abused, and if taken in an unrestrictive sense self-contradictory, as your right to act as you want will impinge on other peoples rights to follow their inclinations. Thus by restricting the freedom of the individual to a personal sphere, which should not be too large, the obvious case for self-contradiction is removed. Also within your sphere, your values reign supreme. Of course spheres meet and interact, and thus different values invariably clash. The point of Hayek is that the process of mutual accommodation of values is regulated by economic transaction. By having a discretionary income, you automatically set up priorities. A large population can never agree on goals and social values, nor on any rigid hierarchy and ranking of priorities. But locally such matters can be arranged. Thus by keeping the freedom of the individual, which means essentially the freedom to pursue personal goals through bargaining, information is being handled as well as common goals and priorities. Of course in exceptional circumstances, people can voluntarily suppress their own private liberties and agree on a common overriding goal, the most obvious example being war. This explains, although Hayek does not formulate this conclusion explicitly, why in war central planning actually works well, and even becomes the norm, whether the society is capitalistic or socialistic. In fact during the second world war, the Soviet union was able to produce an adequate amount of armament, precisely because the goals and the priorities were shared by the many; and for the same reason, war does encourage central economic planning in capitalist countries as well, because the unity of the goal makes it possible, almost imperative.

In fact the personal liberty advocated by Hayek very much resembles the freedom of a scientist and scholar to pursue his interests. To be curtailed in such matters is resented as an unwarranted invasion of privacy, even among people of a collectivist bent. Ironical it is, that in modern society there is a strong movement to in some sense plan scientific activity. The freedom of the individual scientist, is for economic reasons, being restricted. Rather than having scientific values evolving from the tastes and curiosities of individual scientists, such are being imposed. Scientists should earn their pay by being socially useful. The notion of social usefulness is one thing Hayek opposes strongly. In a totalitarian society, the interests of the individuals are being subservient to the interests of the community. In an economic setting, this seems fine to many people, because it seems to stress solidarity rather than selfishness. However, if translated into the realm of research, it takes on a different character.

According to Popper, the scientific mentality is very much connected with democracy. In fact, he even maintains that democracy has grown out of the tradition of critical scientific discussions. Science let to itself is dangerous, so is democracy. Both set higher value on liberty than security. The anti-democratic stand is very tempting, and most of us feel the pull, even if we would deny it. The passion to do good is in fact a fascist attitude. Hayek does not put it that bluntly, but it is implicit in his arguments. If you are convinced of what is good you invariably want to enforce it. This act of enforcement constitutes the germ of totalitarianism. Totalitarianism is not a matter of devotion to bad and evil ideas, it is a matter of passionate devotion to ideas period. Totalitarianism means that a certain

will, a certain type of values and a particular order of priorities are to be the only one in charge. If you agree with that will, those values and share the set of priorities, you will invariably approve, and find it rather good that a strong man does what needs to be done. In other words totalitarianism is bad by itself, whether the goals are good or conceived as good, is beside the point. Democracy is about tolerance, as Popper reminds us of. It is about the idea that the other guy might after all be right and you wrong, how incredible this might be. Democracy is dangerous, because things will evolve in ways you may not approve of. There may be environmental pollution and degradation, there may be a proliferation of life-styles, such as dependence on private cars, which might be anathema to you. In a democracy you are entitled, even encouraged to propagate your views, to form and mould public opinion, but there is no guarantee that you will prevail, on the contrary there are so many conflicting opinions and demands, that it is rather unlikely that your voice will be heard. Thus democracy is not something we are born into, not something that we automatically endorse; on the contrary democracy is counter-intuitive, it seems to go against our grain. Thus, as Popper reminds us, democracy is a fragile thing. It is a tradition that has only appeared a couple of times in the human history and which has easily been disrupted. Nowadays there is almost a kind of mindless indoctrination about the value of democracy. It is taught in school very much like a religious persuasion. In short there is very strong social pressure to at least give lip-service to the democratic values. In a society which has become steadily more and more tolerant, the one thing which is not tolerated is flaunting democratic values. In fact with the marginalization of religion, fascism is the only thing left with which to conduct blasphemy. If democracy would have been left to the whims of public opinion it would have long ago evaporated. What keeps democracy in place, is the inertia of economic life.

Now, liberty, as we noted, does not mean unbridled liberty over others, personal liberty is, as we pointed out, limited to the personal sphere. For liberty to work there has to be rules. In other words a free democratic society cannot function without rules. In standard parlance, the rule of Law must reign. Hayek stresses that laws should be general and of a principal nature and be applied formally, i.e. blindly. The rules of Law serve the same purpose as the rules of a game. A good game has simple rules which are easy to understand and apply, and whose function is to tell you what to expect as to be able to plan. Thus laws should be applied formally, one should at all costs consider cases so to speak on their merits. Because if you make such judgements, laws will be of a different kind, rather than being informative and predictable, they become ad hoc and confusing. The strict rules of chess, as well as the impersonal restrictions imposed by mathematical truth, are not seen as infringement on your freedom. In fact freedom does not make sense without rules. The rules define the game and hence the action. Rather than curbing your imagination and freedom, impersonal rules stimulate and define. Thus in an ideal society the laws are few but clear. They set limits and give directions, but leave the details to the discretion of the actors.

Hayek's arguments are very seductive. In fact all good arguments are, that is what is meant by a good argument after all. They are characterized by elegance and economy. Just like the ideal rule of the law, they do not get into details, but only indicate the lay of the land. The seeming inevitability of them threatens to reduce opposition to sentimental

whimpering. In particular they tie economic freedom to scientific and artistic freedom, and make it seem as natural as evolution. You may be opposed to evolution, but in that case you are not really realistic. Evolution is the way the world is, and if you do not like it, so much the worse for you.

Economic liberty is not conducive to economic equality, at least not in any obvious way. Hayek is very clear about this. He puts liberty above security and acknowledges that in a liberal society there will be inequalities. He argues though that it is easier to bear injustice if you know that it is due to impersonal forces over which no one has control rather than being the consequence of personal decisions. We find it much easier to come to terms with a death deemed to be due to natural causes, such as a heart attack, than one that is caused by malice aforethought. In other words we accept to die, but not to get killed. Also in a liberal society, everyone in principle has the opportunity to better his lot, there are no conscious designs to thwart you. Also, relative wealth is just one factor, absolute wealth is another. In a liberal society, Hayek argues, the general level of wealth will be higher than in a totalitarian. You may be low on the rung, but the rung will be above the level of want. Be it not better to live in an unjust society in which you do not need to starve, than one in which you all die of starvation justly?

So how can you argue with Hayek? Has he not stacked all the cards in his own favor? To dissent means at best to be a foolish sentimentalist or a vicious fascist at heart? The trouble with Hayek's argument is that it is too simple, too elegant. In real life you cannot allow yourself to submit to high-minded principles. For one thing Hayek has been trivialized, as already been noted. Just as evolutionary change is caricatured, freedom of action is as well. In a society there will be aspects that cannot be left to the impersonal forces of the market. The laws make up one example, laws have a civilizing effect, and cannot be left to chance. There are other aspects such as some minimal measure of security, the maintenance of common good such as the infrastructure (In fact the armed forces are usually counted among those, especially by extreme libertarians). Education is another example, the status of which is not clear. There are too many things in the gray zone to allow general principles to rule unenclosed. Adam Smith discussed those elements with concern, as well as warning against the developments of monopolies, which go against the grain of free competition, although they might nevertheless be a natural outcome of it. Hayek trivializes such objections as he thinks are merely economic myths with no basis in reality. I would not be so sanguine. Also the freedom of individuals are very much connected to their economic status, and although moderate differences in incomes may very well act as a spur to better yourself, huge differences may have a paralyzing effect. Furthermore, the comparison to scientists is seductive, but a scientist or an artist works best when freed from common economic concerns, such as investing for your retirement. Some individual form of science, such as mathematics, may very well function well in a totalitarian society, as the Soviet experience teaches us¹.

In the end of the tract Hayek devotes space to the issue of federalism, which he seems to think of as a more benign kind of arrangement than nation states. There is no reason

¹ It is interesting that Hayek notes, that in totalitarian societies, the notion of science for the sake of science, is scorned, everything needs to have a social utility. but that does not prevent some parts of science, if in a sense both marginal enough and intimidating, such as mathematics to find a sanctuary.

that accidental citizenship in one country should confer benefits not available to those belonging to other nations. Thus Hayek is a proponent of globalization, regardless of its threats to privileged positions in some nations. In fact he attacks labor unions as having as goals to impede natural competitions by preserving the privileges of their exclusive members. Solidarity only going that far, and thus in practice oppressing, as much as capitalists themselves, the opportunities of those excluded. One thinks in particular on the labor forces of third world countries being denied their competitive edge. His chapter on federalism points to the European market as it has evolved in the last twenty-five years.

The lesson one should learn from reading Hayek is to ask yourself how much of your opposition is due to wishful and sentimental thinking, not to say the crypto-fascist within you, and how much is real hard-nosed. It certainly helps to sharpen your thinking. The natural commendable reaction to an argument as Hayek's is to subject it to criticism. However, any kind of criticism presupposes some common ground in order to be affective and incisive. Hayek is an intelligent and thoughtful man and his ideas, as opposed to their later vulgarizations, deserve to be taken seriously and not just outright rejected. To do the latter teaches you nothing, merely closing off a part of the universe of discourse.

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