

From the President

by Richard M. Ebeling

F. A. Hayek and *The Road to Serfdom*: A Sixtieth-Anniversary Appreciation

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Sixty years ago this month, in March 1944, *The Road to Serfdom* by F. A. Hayek was first published in Great Britain. For six decades it has continued to challenge and influence the political-economic landscape of the world. Hayek delivered an ominous warning that political trends in the Western democracies were all in the direction of a new form of servitude that threatened the personal and economic liberty of the citizens of these countries.

At the time the book was released Great Britain and the United States were engulfed in a global war, with Nazi Germany as the primary enemy and Soviet Russia as the primary ally. In 1944 the British had a wartime coalition government of both Conservative and Labor Party members, with Winston Churchill as its head. During these war years plans were being designed within the government for a postwar socialist Britain, including nationalized health care, nationalized industries, and detailed economic planning of industry and agriculture.

For the 12 years before America's entry into the war Franklin Roosevelt's New Deal had transformed the United States through a degree of government spending, taxing, regulation, and redistribution the likes of which had never before been experienced in the nation's history. Many of the early New Deal programs had even imposed a network of fascist-style economic controls on private industry and agriculture; fortunately, the

Supreme Court had declared most of these controls unconstitutional in 1935.

At the same time, the Soviet Union was frequently portrayed as a model—however rough around the edges—of an ideal socialist society, freeing “the masses” from poverty and exploitation. The Nazi regime, on the other hand, was usually depicted as a brutal dictatorship designed to maintain the power and control of aristocratic and capitalist elites that surrounded Hitler.

Hayek's challenge was to argue that German Nazism was not an aberrant “right-wing” perversion growing out of the “contradictions” of capitalism. Instead, the Nazi movement had developed out of the “enlightened” and “progressive” socialist and collectivist ideas of the pre-World War I era, which many intellectuals in England and the United States had praised and propagandized for in their own countries.

It was in Bismarck's Germany, after all, that there had been born the modern welfare state—national health insurance, government pension plans, regulations of industry and the workplace—and a philosophy that the national good took precedence over the interests of the “mere” individual.

In this political environment Germans came to take it for granted that the paternalistic state was meant to care for them from “cradle to grave,” a phrase that was coined in Imperial Germany. Two generations of Germans accepted that they needed to be disciplined by and obedient to the enlightened political “leadership” that guided the

Richard Ebeling is president of FEE.



affairs of state for their presumed benefit. Beliefs in the right to private property and freedom of exchange were undermined as the regulatory and redistributive state increasingly managed the economic activities of the society for the greater “national interest” of the German fatherland. By 1933, when Hitler came to power, the German people not only accepted the idea of the “führer principle,” Hayek argued, but many now wanted it and believed they needed it. Notions about individual freedom and responsibility had been destroyed by the philosophy of collectivism and the ideologies of nationalism and socialism.

But Hayek’s main point was that this tragic history was not unique or special to the German people. The institutional changes that accompanied the implementation of socialist and interventionist welfare-state policies potentially carried within them the seeds of political tyranny and economic servitude in any country that might follow a similar path.

The Ultimate Monopoly

The more government takes over responsibility for and control over the economic activities of a society, the more it diminishes the autonomy and independence of the individual. Government planning, by necessity, makes the political authority the ultimate monopoly, with the power to determine what is produced and how the resulting output shall be distributed among all the members of the society.

What freedom is left to people, Hayek asked, when the government has the ability to decide what books will be printed or movies will be shown or plays will be performed? What escape does the individual have from the power of the state when the government controls everyone’s education, employment, and consumption?

He also warned that the more that government plans production and consumption, the more the diverse values and preferences of the citizenry must be homogenized and

made to conform to an overarching “social” scale of values that mirrors that hierarchy of ends captured in the central plan.

Even dissent, Hayek warned, becomes a threat to the achievement of the plan and its related redistributive policies. How can the plan be achieved if critics attempt to undermine people’s dedication to its triumph? Politically incorrect thoughts and actions must be repressed and supplanted with propaganda and “progressive” education for all. Thus unrestricted freedom of speech and the press, or opposition politicking, or even observed lack of enthusiasm for the purposes of the state became viewed as unpatriotic and potentially subversive.

In addition, the classical-liberal conception of an impartial rule of law, under which individuals possess equal rights to life, liberty, and the peaceful acquisition and use of private property, would have to be replaced by unequal treatment of individuals by the political authorities to assure an ideologically preferred redistributive outcome. But, asked Hayek, by what benchmark, other than prejudice, caprice, or the influence of interest groups, would the planners make their decisions?

Finally, in one of the most insightful chapters in the book, Hayek explained why, in the politicized society, there is a tendency for “the worst to get on top.” Fulfillment of the government’s plans and policies requires the leaders to have the power to use any means necessary to get the job done. Thus those with the least conscience or fewest moral scruples are likely to rise highest in the hierarchy of control. The bureaucracies of the planned and regulated society attract those who are most likely to enjoy the use and abuse of power over others.

Hayek died on March 23, 1992, at the age of 92. In the 12 years since his passing, *The Road to Serfdom* has come to be seen as one of the greatest political contributions of the twentieth century. Indeed, it played a very crucial role in stemming the tide toward totalitarian collectivism in the decades that followed World War II. □