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The Road to Serfdom



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## CONTENTS

PREFACE	vii
Introduction	1
1 The Abandoned Road	10
2 The Great Utopia	24
3 Individualism and Collectivism	33
4 The “Inevitability” of Planning	45
5 Planning and Democracy	59
6 Planning and the Rule of Law	75
7 Economic Control and Totalitarianism	91
8 Who, Whom?	105
9 Security and Freedom	123
10 Why the Worst Get on Top	138
11 The End of Truth	157
12 The Socialist Roots of Nazism	171
13 The Totalitarians in our Midst	186
14 Material Conditions and Ideal Ends	207
15 The Prospects of International Order	225

vi CONTENTS

CONCLUSION	245
BIBLIOGRAPHICAL NOTE	247
INDEX	251

# INTRODUCTION

Few discoveries are more irritating than those which expose the pedigree of ideas.

*Lord Acton.*

Contemporary events differ from history in that we do not know the results they will produce. Looking back, we can assess the significance of past occurrences and trace the consequences they have brought in their train. But while history runs its course, it is not history to us. It leads us into an unknown land and but rarely can we get a glimpse of what lies ahead. It would be different if it were given to us to live a second time through the same events with all the knowledge of what we have seen before. How different would things appear to us, how important and often alarming would changes seem that we now scarcely notice! It is probably fortunate that man can never have this experience and knows of no laws which history must obey.

Yet, although history never quite repeats itself, and just because no development is inevitable, we can in a measure learn

from the past to avoid a repetition of the same process. One need not be a prophet to be aware of impending dangers. An accidental combination of experience and interest will often reveal events to one man under aspects which few yet see.

The following pages are the product of an experience as near as possible to twice living through the same period—or at least twice watching a very similar evolution of ideas. While this is an experience one is not likely to gain in one country, it may in certain circumstances be acquired by living in turn for long periods in different countries. Though the influences to which the trend of thought is subject in most civilised nations are to a large extent similar, they do not necessarily operate at the same time or at the same speed. Thus, by moving from one country to another, one may sometimes twice watch similar phases of intellectual development. The senses have then become peculiarly acute. When one hears for a second time opinions expressed or measures advocated which one has first met twenty or twenty-five years ago, they assume a new meaning as symptoms of a definite trend. They suggest, if not the necessity, at least the probability, that developments will take a similar course.

It is necessary now to state the unpalatable truth that it is Germany whose fate we are in some danger of repeating. The danger is not immediate, it is true, and conditions in this country are still so remote from those witnessed in recent years in Germany as to make it difficult to believe that we are moving in the same direction. Yet, though the road be long, it is one on which it becomes more difficult to turn back as one advances. If in the long run we are the makers of our own fate, in the short run we are the captives of the ideas we have created. Only if we recognise the danger in time can we hope to avert it.

It is not to the Germany of Hitler, the Germany of the present war, that this country bears yet any resemblance. But students of the currents of ideas can hardly fail to see that there is more than a superficial similarity between the trend of thought in Germany

during and after the last war and the present current of ideas in this country. There exists now in this country certainly the same determination that the organisation of the nation we have achieved for purposes of defence shall be retained for the purposes of creation. There is the same contempt for nineteenth-century liberalism, the same spurious "realism" and even cynicism, the same fatalistic acceptance of "inevitable trends". And at least nine out of every ten of the lessons which our most vociferous reformers are so anxious we should learn from this war are precisely the lessons which the Germans did learn from the last war and which have done much to produce the Nazi system. We shall have opportunity in the course of this book to show that there are a large number of other points where, at an interval of fifteen to twenty-five years, we seem to follow the example of Germany. Although one does not like to be reminded, it is not so many years since the socialist policy of that country was generally held up by progressives as an example to be imitated, just as in more recent years Sweden has been the model country to which progressive eyes were directed. All those whose memory goes further back know how deeply, for at least a generation before the last war, German thought and German practice influenced ideals and policy in this country.

The author has spent about half of his adult life in his native Austria, in close touch with German intellectual life, and the other half in the United States and England. In the dozen years in which this country has now become his home he has become increasingly convinced that at least some of the forces which have destroyed freedom in Germany are also at work here, and that the character and the source of this danger are, if possible, even less understood than they were in Germany. The supreme tragedy is still not seen that in Germany it was largely people of goodwill, men who were admired and held up as models in this country, who prepared the way, if they did not actually create, the forces which now stand for everything they detest. Yet our

chance of averting a similar fate depends on our facing the danger and on our being prepared to revise even our most cherished hopes and ambitions if they should prove to be the source of the danger. There are few signs yet that we have the intellectual courage to admit to ourselves that we may have been wrong. Few are ready to recognise that the rise of Fascism and Nazism was not a reaction against the socialist trends of the preceding period, but a necessary outcome of those tendencies. This is a truth which most people were unwilling to see even when the similarities of many of the repellent features of the internal regimes in communist Russia and national-socialist Germany were widely recognised. As a result, many who think themselves infinitely superior to the aberrations of Nazism and sincerely hate all its manifestations, work at the same time for ideals whose realisation would lead straight to the abhorred tyranny.

All parallels between developments in different countries are, of course, deceptive; but I am not basing my argument mainly on such parallels. Nor am I arguing that these developments are inevitable. If they were, there would be no point in writing this. They can be prevented if people realise in time where their efforts may lead. But till recently there was little hope that any attempt to make them see the danger would be successful. It seems, however, as if the time were now ripe for a fuller discussion of the whole issue. Not only is the problem now more widely recognised, there are also special reasons which at this juncture make it imperative that we should face the issues squarely.

It will, perhaps, be said that this is not the time to raise an issue on which opinions clash sharply. But the socialism of which we speak is not a party matter, and the questions which we are discussing have little to do with the questions at dispute between political parties. It does not affect our problem that some groups may want less socialism than others, that some want socialism mainly in the interest of one group and others in

that of another. The important point is that, if we take the people whose views influence developments, they are now in this country in some measure all socialists. If it is no longer fashionable to emphasise that "we are all socialists now", this is so merely because the fact is too obvious. Scarcely anybody doubts that we must continue to move towards socialism, and most people are merely trying to deflect this movement in the interest of a particular class or group.

It is because nearly everybody wants it that we are moving in this direction. There are no objective facts which make it inevitable. We shall have to say something about the alleged inevitability of "planning" later. The main question is where this movement will lead us. Is it not possible that if the people whose convictions now give it an irresistible momentum began to see what only a few yet apprehend, they would recoil in horror and abandon the quest which for half a century has engaged so many people of goodwill? Where these common beliefs of our generation will lead us is a problem not for one party but for every one of us, a problem of the most momentous significance. Is there a greater tragedy imaginable than that in our endeavour consciously to shape our future in accordance with high ideals, we should in fact unwittingly produce the very opposite of what we have been striving for?

There is an even more pressing reason why at this time we should seriously endeavour to understand the forces which have created National Socialism: that this will enable us to understand our enemy and the issue at stake between us. It cannot be denied that there is yet little recognition of the positive ideals for which we are fighting. We know that we are fighting for freedom to shape our life according to our own ideas. That is a great deal, but not enough. It is not enough to give us the firm beliefs which we need to resist an enemy who uses propaganda as one of his main weapons not only in the most blatant but also in the most subtle forms. It is still more insufficient when we have to



counter this propaganda among the people in the countries under his control and elsewhere, where the effect of this propaganda will not disappear with the defeat of the Axis powers. It is not enough if we are to show to others that what we are fighting for is worth their support, and not enough to guide us in the building of a new Europe safe against the dangers to which the old one has succumbed.

It is a lamentable fact that the English in their dealings with the dictators before the war, not less than in their attempts at propaganda and in the discussion of their war aims, have shown an inner insecurity and uncertainty of aim which can be explained only by confusion about their own ideals and the nature of the differences which separated them from the enemy. We have been misled as much because we have refused to believe that the enemy was sincere in the profession of some beliefs which we shared as because we believed in the sincerity of some of his other claims. Have not the parties of the Left as well as those of the Right been deceived by believing that the National-Socialist Party was in the service of the capitalists and opposed to all forms of socialism? How many features of Hitler's system have not been recommended to us for imitation from the most unexpected quarters, unaware that they are an integral part of that system and incompatible with the free society we hope to preserve? The number of dangerous mistakes we have made before and since the outbreak of war because we do not understand the opponent with whom we are faced is appalling. It seems almost as if we did not want to understand the development which has produced totalitarianism because such an understanding might destroy some of the dearest illusions to which we are determined to cling.

We shall never be successful in our dealings with the Germans till we understand the character and the growth of the ideas which now govern them. The theory which is once again put forth, that the Germans as such are inherently vicious, is hardly

tenable and not very creditable to those who hold it. It dishonours the long series of Englishmen who during the past hundred years have gladly taken over what was best, and not only what was best, in German thought. It overlooks the fact that when eighty years ago John Stuart Mill was writing his great essay *On Liberty* he drew his inspiration, more than from any other men, from two Germans, Goethe and Wilhelm von Humboldt,<sup>1</sup> and forgets the fact that two of the most influential intellectual forebears of National Socialism, Thomas Carlyle and Houston Stewart Chamberlain, were a Scot and an Englishman. In its cruder forms this view is a disgrace to those who by maintaining it adopt the worst features of German racial theories. The problem is not why the Germans as such are vicious, which congenitally they are probably no more than other peoples, but to determine the circumstances which during the last seventy years have made possible the progressive growth and the ultimate victory of a particular set of ideas, and why in the end this victory has brought the most vicious elements among them to the top. Mere hatred of everything German, instead of the particular ideas which now dominate the Germans is, moreover, very dangerous, because it blinds those who indulge in it against a real threat. It is to be feared that this attitude is frequently merely a kind of escapism, caused by an unwillingness to recognise tendencies which are not confined to Germany, and by reluctance to reexamine, and if necessary to discard, beliefs which we have taken over from the Germans and by which we are still as much deluded as the Germans were. It is doubly dangerous because the contention that only the peculiar wickedness of the Germans has produced the Nazi system is likely to

<sup>1</sup> As some people may think this statement exaggerated, the testimony of Lord Morley may be worth quoting, who in his *Recollections* speaks of the "acknowledged point" that the main argument of the essay *On Liberty* "was not original but came from Germany".

become the excuse for forcing on us the very institutions which have produced that wickedness.

The interpretation of the developments in Germany and Italy about to be proffered in this book is very different from that given by most foreign observers and by the majority of exiles from those countries. But if this interpretation is correct, it will also explain why it is almost impossible for a person who, like most of the exiles and the foreign correspondents of English and American newspapers, holds the now prevalent socialist views, to see those events in the proper perspective.<sup>1</sup> The superficial and misleading view, which sees in National-Socialism merely a reaction fomented by those whose privileges or interests were threatened by the advance of socialism, was naturally supported by all those who, although they were at one time active in the movement of ideas that has led to National-Socialism, have stopped at some point of that development and, by the conflict into which this brought them with the Nazis, were forced to leave their country. But the fact that they were numerically the only significant opposition to the Nazis means no more than that in the wider sense practically all Germans had become socialists, and that liberalism in the old sense had been driven out by socialism. As we hope to show, the conflict in existence between the National-Socialist "Right" and the "Left" in Germany is the

<sup>1</sup> How thoroughly the views held in all quarters, even the most conservative, of a whole country can be coloured by the predominant Left bias of the foreign correspondents of its Press, is well illustrated by the views almost universally held in America about the relations between Great Britain and India. The Englishman who wishes to see events on the European Continent in the proper perspective must seriously consider the possibility that his views may have been distorted in precisely the same manner, and for the same reasons. This is in no way meant to reflect on the sincerity of the views of American and English foreign correspondents. But anyone who knows the kind of native circles with which foreign correspondents are likely to have close contacts, will have no difficulty in understanding the sources of this bias.

kind of conflict that will always arise between rival socialist factions. If this interpretation is correct it means, however, that many of those socialist refugees, in clinging to their beliefs, are now, though with the best will in the world, helping to lead their adopted country the way which Germany has gone.

I know that many of my English friends have sometimes been shocked by the semi-Fascist views they would occasionally hear expressed by German refugees, whose genuinely socialist convictions could not be doubted. But while these English observers put this down to their being Germans, the true explanation is that they were socialists whose experience had carried them several stages beyond that yet reached by socialists in this country. It is true, of course, that German socialists have found much support in their country from certain features of the Prussian tradition; and this kinship between Prussianism and socialism, in which in Germany both sides gloried, gives additional support to our main contention.<sup>1</sup> But it would be a mistake to believe that the specific German rather than the socialist element produced totalitarianism. It was the prevalence of socialist views and not Prussianism that Germany had in common with Italy and Russia—and it was from the masses and not from the classes steeped in the Prussian tradition, and favoured by it, that National-Socialism arose.

<sup>1</sup> That there did exist a certain kinship between socialism and the organisation of the Prussian State, consciously organised from the top as in no other country, is undeniable and was freely recognised already by the early French socialists. Long before the ideal of running the whole state on the same principles as a single factory was to inspire nineteenth-century socialism, the Prussian poet Novalis had already deplored that “no other state has ever been administered so much like a factory as Prussia since the death of Frederick William.” (Cf. Novalis [Friedrich von Hardenberg], *Glauben und Liebe, oder der König und die Königin*, 1798.)

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## THE ABANDONED ROAD

A programme whose basic thesis is, not that the system of free enterprise for profit has failed in this generation, but that it has not yet been tried.

*F. D. Roosevelt.*

When the course of civilisation takes an unexpected turn, when instead of the continuous progress which we have come to expect, we find ourselves threatened by evils associated by us with past ages of barbarism, we blame naturally anything but ourselves. Have we not all striven according to our best lights, and have not many of our finest minds incessantly worked to make this a better world? Have not all our efforts and hopes been directed towards greater freedom, justice, and prosperity? If the outcome is so different from our aims, if, instead of freedom and prosperity, bondage and misery stare us in the face, is it not clear that sinister forces must have foiled our intentions, that we are the victims of some evil power which must be conquered before we can resume the road to better things? However much we may differ when we name the culprit, whether it is the wicked

capitalist or the vicious spirit of a particular nation, the stupidity of our elders, or a social system not yet, although we have struggled against it for half a century, fully overthrown—we all are, or at least were until recently, certain of one thing: that the leading ideas which during the last generation have become common to most people of goodwill and have determined the major changes in our social life cannot have been wrong. We are ready to accept almost any explanation of the present crisis of our civilisation except one: that the present state of the world may be the result of genuine error on our own part, and that the pursuit of some of our most cherished ideals have apparently produced results utterly different from those which we expected.

While all our energies are directed to bringing this war to a victorious conclusion, it is sometimes difficult to remember that even before the war the values for which we are now fighting were threatened here and destroyed elsewhere. Though for the time being the different ideals are represented by hostile nations fighting for their existence, we must not forget that this conflict has grown out of a struggle of ideas within what, not so long ago, was a common European civilisation; and that the tendencies which have culminated in the creation of the totalitarian systems were not confined to the countries which have succumbed to them. Though the first task must now be to win the war, to win it will only gain us another opportunity to face the basic problems and to find a way of averting the fate which has overtaken kindred civilisations.

Now, it is somewhat difficult to think of Germany and Italy, or of Russia, not as different worlds, but as products of a development of thought in which we have shared; it is, at least so far as our enemies are concerned, easier and more comforting to think that they are entirely different from us and that what happened there cannot happen here. Yet the history of these countries in the years before the rise of the totalitarian system showed few

features with which we are not familiar. The external conflict is a result of a transformation of European thought in which others have moved so much faster as to bring them into irreconcilable conflict with our ideals, but which has not left us unaffected.

That a change of ideas, and the force of human will, have made the world what it is now, though men did not foresee the results, and that no spontaneous change in the facts obliged us thus to adapt our thought, is perhaps particularly difficult for the English to see, just because in this development the English have, fortunately for them, lagged behind most of the European peoples. We still think of the ideals which guide us and have guided us for the past generation, as ideals only to be realised in the future, and are not aware how far in the last twenty-five years they have already transformed, not only the world, but also this country. We still believe that until quite recently we were governed by what are vaguely called nineteenth-century ideas or the principle of *laissez-faire*. Compared with some other countries, and from the point of view of those impatient to speed up the change, there may be some justification for such belief. But although till 1931 this country had followed only slowly on the path on which others had led, even by then we had moved so far that only those whose memory goes back to the years before the last war know what a liberal world has been like.<sup>1</sup>

The crucial point of which people here are still so little aware is, however, not merely the magnitude of the changes which

<sup>1</sup> Even in that year the Macmillan Report could speak already of "the change of outlook of the government of this country in recent times, its growing pre-occupation, irrespective of party, with the management of the life of the people" and add that "Parliament finds itself increasingly engaged in legislation which has for its conscious aim the regulation of the day-to-day affairs of the community and now intervenes in matters formerly thought to be entirely outside its scope". This could be said before, later in the same year, the country finally took the headlong plunge and, in the short space of the inglorious years 1931 to 1939, transformed its economic system beyond recognition.

have taken place during the last generation, but the fact that they mean a complete change in the direction of the evolution of our ideas and social order. For at least twenty-five years before the spectre of totalitarianism became a real threat, we had progressively been moving away from the basic ideas on which European civilisation has been built. That this movement on which we have entered with such high hopes and ambitions should have brought us face to face with the totalitarian horror has come as a profound shock to this generation, which still refuses to connect the two facts. Yet this development merely confirms the warnings of the fathers of the liberal philosophy which we still profess. We have progressively abandoned that freedom in economic affairs without which personal and political freedom has never existed in the past. Although we had been warned by some of the greatest political thinkers of the nineteenth century, by de Tocqueville and Lord Acton, that socialism means slavery, we have steadily moved in the direction of socialism. And now that we have seen a new form of slavery arise before our eyes, we have so completely forgotten the warning, that it scarcely occurs to us that the two things may be connected.<sup>1</sup>

How sharp a break not only with the recent past but with the whole evolution of Western civilisation the modern trend towards socialism means, becomes clear if we consider it not merely against the background of the nineteenth century, but in a longer historical perspective. We are rapidly abandoning not the views merely of Cobden and Bright, of Adam Smith and Hume, or even of Locke and Milton, but one of the salient

<sup>1</sup> Even much more recent warnings which have proved dreadfully true have been almost entirely forgotten. It is not yet thirty years since Mr. Hilaire Belloc, in a book which explains more of what has happened since in Germany than most works written after the event, explained that "the effect of Socialist doctrine on Capitalist society is to produce a third thing different from either of its two begetters—to wit, the Servile State" (*The Servile State*, 1913, 3rd ed. 1927, p. xiv).



characteristics of Western civilisation as it has grown from the foundations laid by Christianity and the Greeks and Romans. Not merely nineteenth- and eighteenth-century liberalism, but the basic individualism inherited by us from Erasmus and Montaigne, from Cicero and Tacitus, Pericles and Thucydides is progressively relinquished.

The Nazi leader who described the National-Socialist revolution as a counter-Renaissance spoke more truly than he probably knew. It was the decisive step in the destruction of that civilisation which modern man had built up from the age of the Renaissance and which was above all an individualist civilisation. Individualism has a bad name to-day and the term has come to be connected with egotism and selfishness. But the individualism of which we speak in contrast to socialism and all other forms of collectivism has no necessary connection with these. Only gradually in the course of this book shall we be able to make clear the contrast between the two opposing principles. But the essential features of that individualism which, from elements provided by Christianity and the philosophy of classical antiquity, was first fully developed during the Renaissance and has since grown and spread into what we know as Western European civilisation—the respect for the individual man *qua* man, that is the recognition of his own views and tastes as supreme in his own sphere, however narrowly that may be circumscribed, and the belief that it is desirable that men should develop their own individual gifts and bents. “Freedom” and “liberty” are now words so worn with use and abuse that one must hesitate to employ them to express the ideals for which they stood during that period. Tolerance is, perhaps, the only word which still preserves the full meaning of the principle which during the whole of this period was in the ascendant and which only in recent times has again been in decline, to disappear completely with the rise of the totalitarian state.

The gradual transformation of a rigidly organised hierarchic

system into one where men could at least attempt to shape their own life, where man gained the opportunity of knowing and choosing between different forms of life, is closely associated with the growth of commerce. From the commercial cities of Northern Italy the new view of life spread with commerce to the west and north, through France and the south-west of Germany to the Low Countries and the British Isles, taking firm root wherever there was no despotic political power to stifle it. In the Low Countries and Britain it for a long time enjoyed its fullest development and for the first time had an opportunity to grow freely and to become the foundation of the social and political life of these countries. And it was from there that in the late seventeenth and eighteenth centuries it again began to spread in a more fully developed form to the West and East, to the New World and the centre of the European continent where devastating wars and political oppression had largely submerged the earlier beginnings of a similar growth.<sup>1</sup>

During the whole of this modern period of European history the general direction of social development was one of freeing the individual from the ties which had bound him to the customary or prescribed ways in the pursuit of his ordinary activities. The conscious realisation that the spontaneous and uncontrolled efforts of individuals were capable of producing a complex order of economic activities could come only after this development had made some progress. The subsequent elaboration of a consistent argument in favour of economic freedom was the outcome of a free growth of economic activity which had been the undesigned and unforeseen by-product of political freedom.

Perhaps the greatest result of the unchaining of individual

<sup>1</sup> The most fateful of these developments, pregnant with consequences not yet extinct, was the subjection and partial destruction of the German bourgeoisie by the territorial princes in the fifteenth and sixteenth centuries.

energies was the marvellous growth of science which followed the march of individual liberty from Italy to England and beyond. That the inventive faculty of man had been no less in earlier periods is shown by the many highly ingenious automatic toys and other mechanical contrivances constructed while industrial technique still remained stationary, and by the development in some industries which, like mining or watch-making, were not subject to restrictive controls. But the few attempts towards a more extended industrial use of mechanical inventions, some extraordinarily advanced, were promptly suppressed, and the desire for knowledge was stifled, so long as the dominant views were held to be binding for all: the beliefs of the great majority on what was right and proper were allowed to bar the way of the individual innovator. Only since industrial freedom opened the path to the free use of new knowledge, only since everything could be tried—if somebody could be found to back it at his own risk—and, it should be added, as often as not from outside the authorities officially entrusted with the cultivation of learning, has science made the great strides which in the last hundred and fifty years have changed the face of the world.

As is so often true, the nature of our civilisation has been seen more clearly by its enemies than by most of its friends: "the perennial Western malady, the revolt of the individual against the species", as that nineteenth-century totalitarian, Auguste Comte, has described it, was indeed the force which built our civilisation. What the nineteenth century added to the individualism of the preceding period was merely to make all classes conscious of freedom, to develop systematically and continuously what had grown in a haphazard and patchy manner and to spread it from England and Holland over most of the European Continent.

The result of this growth surpassed all expectations. Wherever the barriers to the free exercise of human ingenuity were removed man became rapidly able to satisfy ever-widening

ranges of desire. And while the rising standard soon led to the discovery of very dark spots in society, spots which men were no longer willing to tolerate, there was probably no class that did not substantially benefit from the general advance. We cannot do justice to this astonishing growth if we measure it by our present standards, which themselves result from this growth and now make many defects obvious. To appreciate what it meant to those who took part in it we must measure it by the hopes and wishes men held when it began: and there can be no doubt that its success surpassed man's wildest dreams, that by the beginning of the twentieth century the working man in the Western world had reached a degree of material comfort, security, and personal independence which a hundred years before had seemed scarcely possible.

What in the future will probably appear the most significant and far-reaching effect of this success is the new sense of power over their own fate, the belief in the unbounded possibilities of improving their own lot, which the success already achieved created among men. With the success grew ambition—and man had every right to be ambitious. What had been an inspiring promise seemed no longer enough, the rate of progress far too slow; and the principles which had made this progress possible in the past came to be regarded more as obstacles to speedier progress, impatiently to be brushed away, than as the conditions for the preservation and development of what had already been achieved.

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There is nothing in the basic principles of liberalism to make it a stationary creed, there are no hard-and-fast rules fixed once and for all. The fundamental principle that in the ordering of our affairs we should make as much use as possible of the spontaneous forces of society, and resort as little as possible to coercion, is capable of an infinite variety of applications. There

is, in particular, all the difference between deliberately creating a system within which competition will work as beneficially as possible, and passively accepting institutions as they are. Probably nothing has done so much harm to the liberal cause as the wooden insistence of some liberals on certain rough rules of thumb, above all the principle of *laissez-faire*. Yet in a sense this was necessary and unavoidable. Against the innumerable interests who could show that particular measures would confer immediate and obvious benefits on some, while the harm they caused was much more indirect and difficult to see, nothing short of some hard-and-fast rule would have been effective. And since a strong presumption in favour of industrial liberty had undoubtedly been established, the temptation to present it as a rule which knew no exceptions was too strong always to be resisted.

But with this attitude taken by many popularisers of the liberal doctrine, it was almost inevitable that, once their position was penetrated at some points, it should soon collapse as a whole. The position was further weakened by the inevitably slow progress of a policy which aimed at a gradual improvement of the institutional framework of a free society. This progress depended on the growth of our understanding of the social forces and the conditions most favourable to their working in a desirable manner. Since the task was to assist, and where necessary to supplement, their operation, the first requisite was to understand them. The attitude of the liberal towards society is like that of the gardener who tends a plant and in order to create the conditions most favourable to its growth must know as much as possible about its structure and the way it functions.

No sensible person should have doubted that the crude rules in which the principles of economic policy of the nineteenth century were expressed were only a beginning, that we had yet much to learn, and that there were still immense possibilities of advancement on the lines on which we had moved. But this advance could only come as we gained increasing intellectual

mastery of the forces of which we had to make use. There were many obvious tasks, such as our handling of the monetary system, and the prevention or control of monopoly, and an even greater number of less obvious but hardly less important tasks to be undertaken in other fields, where there could be no doubt that the governments possessed enormous powers for good and evil; and there was every reason to expect that with a better understanding of the problems we should some day be able to use these powers successfully.

But while the progress towards what is commonly called "positive" action was necessarily slow, and while for the immediate improvement liberalism had to rely largely on the gradual increase of wealth which freedom brought about, it had constantly to fight proposals which threatened this progress. It came to be regarded as a "negative" creed because it could offer to particular individuals little more than a share in the common progress—a progress which came to be taken more and more for granted and was no longer recognised as the result of the policy of freedom. It might even be said that the very success of liberalism became the cause of its decline. Because of the success already achieved man became increasingly unwilling to tolerate the evils still with him which now appeared both unbearable and unnecessary.

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Because of the growing impatience with the slow advance of liberal policy, the just irritation with those who used liberal phraseology in defence of anti-social privileges, and the boundless ambition seemingly justified by the material improvements already achieved, it came to pass that toward the turn of the century the belief in the basic tenets of liberalism was more and more relinquished. What had been achieved came to be regarded as a secure and imperishable possession, acquired once and for all. The eyes of the people became fixed on the new

demands, the rapid satisfaction of which seemed to be barred by the adherence to the old principles. It became more and more widely accepted that further advance could not be expected along the old lines within the general framework which had made past progress possible, but only by a complete remodelling of society. It was no longer a question of adding to or improving the existing machinery, but of completely scrapping and replacing it. And as the hope of the new generation came to be centred on something completely new, interest in, and understanding of, the functioning of the existing society rapidly declined; and with the decline of the understanding of the way in which the free system worked our awareness of what depended on its existence also decreased.

This is not the place to discuss how this change in outlook was fostered by the uncritical transfer to the problems of society of habits of thought engendered by the preoccupation with technological problems, the habits of thought of the natural scientist and the engineer, how these at the same time tended to discredit the results of the past study of society which did not conform to their prejudices, and to impose ideals of organisation on a sphere to which they are not appropriate.<sup>1</sup> All we are here concerned to show is how completely, though gradually and by almost imperceptible steps, our attitude towards society has changed. What at every stage of this process of change had appeared a difference of degree only, has in its cumulative effect already brought about a fundamental difference between the older liberal attitude towards society and the present approach to social problems. The change amounts to a complete reversal of the trend we have sketched, an entire abandonment of the individualist tradition which has created Western civilisation.

<sup>1</sup> The author has made an attempt to trace the beginning of this development in two series of articles on "Scientism and the Study of Society" and "The Counter-Revolution of Science" which appeared in *Economica*, 1941-4.

According to the views now dominant the question is no longer how we can make the best use of the spontaneous forces found in a free society. We have in effect undertaken to dispense with the forces which produced unforeseen results and to replace the impersonal and anonymous mechanism of the market by collective and "conscious" direction of all social forces to deliberately chosen goals. The difference cannot be better illustrated than by the extreme position taken in a widely acclaimed book on whose programme of so-called "planning for freedom" we shall have to comment yet more than once.

We have never had to set up and direct [writes Dr. Karl Mannheim] the entire system of nature as we are forced to do to-day with society. . . . Mankind is tending more and more to regulate the whole of its social life, although it has never attempted to create a second nature.<sup>1</sup>

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It is significant that this change in the trend of ideas has coincided with a reversal of the direction in which ideas have travelled in space. For over two hundred years English ideas had been spreading eastwards. The rule of freedom which had been achieved in England seemed destined to spread throughout the world. By about 1870 the reign of these ideas had probably reached its easternmost expansion. From then onwards it began to retreat and a different set of ideas, not really new but very old, began to advance from the East. England lost her intellectual leadership in the political and social sphere and became an importer of ideas. For the next sixty years Germany became the centre from which the ideas destined to govern the world in the twentieth century spread east and west. Whether it was Hegel or Marx, List or Schmoller, Sombart or Mannheim, whether it was

<sup>1</sup> *Man and Society in an Age of Reconstruction*, 1940, p. 175.



socialism in its more radical form or merely "organisation" or "planning" of a less radical kind, German ideas were everywhere readily imported and German institutions imitated. Although most of the new ideas, and particularly socialism, did not originate in Germany, it was in Germany that they were perfected and during the last quarter of the nineteenth and the first quarter of the twentieth century they reached their fullest development. It is now often forgotten how very considerable was the lead which Germany had during this period in the development of the theory and practice of socialism, that a generation before socialism became a serious issue in this country, Germany had a large socialist party in her parliament, and that till not very long ago the doctrinal development of socialism was almost entirely carried on in Germany and Austria, so that even to-day Russian discussion largely carries on where the Germans left off; most English socialists are still unaware that the majority of the problems they begin to discover were thoroughly discussed by German socialists long ago.

The intellectual influence which German thinkers were able to exercise during this period on the whole world was supported not merely by the great material progress of Germany but even more by the extraordinary reputation which German thinkers and scientists had earned during the preceding hundred years when Germany had once more become an integral and even leading member of the common European civilisation. But it soon served to assist the spreading from Germany of ideas directed against the foundations of that civilisation. The Germans themselves—or at least those among them who spread these ideas—were fully aware of the conflict: what had been the common heritage of European civilisation became to them, long before the Nazis, "Western" civilisation—where "Western" was no longer used in the old sense of Occident but had come to mean west of the Rhine. "Western" in this sense was Liberalism and Democracy, Capitalism and Individu-

alism, Free Trade and any form of Internationalism or love of peace.

But in spite of the ill-concealed contempt of an ever-increasing number of Germans for those "shallow" Western ideals, or perhaps because of it, the people of the West continued to import German ideas and were even induced to believe that their own former convictions had merely been rationalisations of selfish interests, that Free Trade was a doctrine invented to further British interests, and that the political ideals England had given to the world were hopelessly outmoded and a thing to be ashamed of.

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## THE GREAT UTOPIA

What has always made the state a hell on earth has been precisely that man has tried to make it his heaven.

*F. Hoelderlin.*

That socialism has displaced liberalism as the doctrine held by the great majority of progressives does not simply mean that people had forgotten the warnings of the great liberal thinkers of the past about the consequences of collectivism. It has happened because they were persuaded of the very opposite of what these men had predicted. The extraordinary thing is that the same socialism that was not only early recognised as the gravest threat to freedom, but quite openly began as a reaction against the liberalism of the French Revolution, gained general acceptance under the flag of liberty. It is rarely remembered now that socialism in its beginnings was frankly authoritarian. The French writers who laid the foundations of modern socialism had no doubt that their ideas could be put into practice only by a strong dictatorial government. To them socialism meant an attempt to "terminate the revolution" by a deliberate reorganisation of

society on hierarchical lines, and the imposition of a coercive “spiritual power”. Where freedom was concerned, the founders of socialism made no bones about their intentions. Freedom of thought they regarded as the root-evil of nineteenth-century society, and the first of modern planners, Saint-Simon, even predicted that those who did not obey his proposed planning boards would be “treated as cattle”.

Only under the influence of the strong democratic currents preceding the revolution of 1848 did socialism begin to ally itself with the forces of freedom. But it took the new “democratic socialism” a long time to live down the suspicions aroused by its antecedents. Nobody saw more clearly than de Tocqueville that democracy as an essentially individualist institution stood in an irreconcilable conflict with socialism:

Democracy extends the sphere of individual freedom [he said in 1848], socialism restricts it. Democracy attaches all possible value to each man; socialism makes each man a mere agent, a mere number. Democracy and socialism have nothing in common but one word: equality. But notice the difference: while democracy seeks equality in liberty, socialism seeks equality in restraint and servitude.<sup>1</sup>

To allay these suspicions and to harness to its cart the strongest of all political motives, the craving for freedom, socialism began increasingly to make use of the promise of a “new freedom”. The coming of socialism was to be the leap from the realm of necessity to the realm of freedom. It was to bring “economic freedom”, without which the political freedom already gained was “not worth having”. Only socialism was capable of effecting

<sup>1</sup> “Discours prononcé à l’assemblée constituante le 12 Septembre 1848 sur la question du droit au travail.” *Œuvres complètes d’Alexis de Tocqueville*, vol. IX, 1866, p. 546.

the consummation of the age-long struggle for freedom in which the attainment of political freedom was but a first step.

The subtle change in meaning to which the word freedom was subjected in order that this argument should sound plausible is important. To the great apostles of political freedom the word had meant freedom from coercion, freedom from the arbitrary power of other men, release from the ties which left the individual no choice but obedience to the orders of a superior to whom he was attached. The new freedom promised, however, was to be freedom from necessity, release from the compulsion of the circumstances which inevitably limit the range of choice of all of us, although for some very much more than for others. Before man could be truly free, the "despotism of physical want" had to be broken, the "restraints of the economic system" relaxed.

Freedom in this sense is, of course, merely another name for power<sup>1</sup> or wealth. Yet, although the promises of this new freedom were often coupled with irresponsible promises of a great increase in material wealth in a socialist society, it was not from such an absolute conquest of the niggardliness of nature that economic freedom was expected. What the promise really amounted to was that the great existing disparities in the range of choice of different people were to disappear. The demand for the new freedom was thus only another name for the old

<sup>1</sup> The characteristic confusion of freedom with power, which we shall meet again and again throughout this discussion, is too big a subject to be thoroughly examined here. As old as socialism itself, it is so closely allied with it that almost seventy years ago a French scholar, discussing its Saint-Simonian origins, was led to say that this theory of liberty "est à elle seule tout le socialisme" (P. Janet, *Saint-Simon et le Saint-Simonisme*, 1878, p. 26, note). The most explicit defender of this confusion is, significantly, the leading philosopher of American left-wingism, John Dewey, according to whom "liberty is the effective power to do specific things" so that "the demand for liberty is demand for power" ("Liberty and Social Control", *The Social Frontier*, November 1935, p. 41).

demand for an equal distribution of wealth. But the new name gave the socialists another word in common with the liberals and they exploited it to the full. And although the word was used in a different sense by the two groups, few people noticed this and still fewer asked themselves whether the two kinds of freedom promised really could be combined.

There can be no doubt that the promise of greater freedom has become one of the most effective weapons of socialist propaganda and that the belief that socialism would bring freedom is genuine and sincere. But this would only heighten the tragedy if it should prove that what was promised to us as the Road to Freedom was in fact the High Road to Servitude. Unquestionably the promise of more freedom was responsible for luring more and more liberals along the socialist road, for blinding them to the conflict which exists between the basic principles of socialism and liberalism, and for often enabling socialists to usurp the very name of the old party of freedom. Socialism was embraced by the greater part of the intelligentsia as the apparent heir of the liberal tradition: therefore it is not surprising that to them the idea should appear inconceivable of socialism leading to the opposite of liberty.

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In recent years, however, the old apprehensions of the unforeseen consequences of socialism have once more been strongly voiced from the most unexpected quarters. Observer after observer, in spite of the contrary expectation with which he approached his subject, has been impressed with the extraordinary similarity in many respects of the conditions under "fascism" and "communism". While "progressives" in this country and elsewhere were still deluding themselves that communism and fascism represented opposite poles, more and more people began to ask themselves whether these new tyrannies were not the outcome of the same tendencies. Even communists must

have been somewhat shaken by such testimonies as that of Mr. Max Eastman, Lenin's old friend, who found himself compelled to admit that "instead of being better, Stalinism is worse than fascism, more ruthless, barbarous, unjust, immoral, anti-democratic, unredeemed by any hope or scruple", and that it is "better described as superfascist"; and when we find the same author recognising that "Stalinism is socialism, in the sense of being an inevitable although unforeseen political accompaniment of the nationalisation and collectivisation which he had relied upon as part of his plan for erecting a classless society",<sup>1</sup> his conclusion clearly achieves wider significance.

Mr. Eastman's case is perhaps the most remarkable, yet he is by no means the first or the only sympathetic observer of the Russian experiment to form similar conclusions. Several years earlier Mr. W. H. Chamberlin, who in twelve years in Russia as an American correspondent had seen all his ideals shattered, summed up the conclusions of his studies there and in Germany and Italy in the statement that "Socialism is certain to prove, in the beginning at least, the road NOT to freedom, but to dictatorship and counter-dictatorships, to civil war of the fiercest kind. Socialism achieved and maintained by democratic means seems definitely to belong to the world of utopias."<sup>2</sup> Similarly a British writer, Mr. F. A. Voigt, after many years of close observation of developments in Europe as a foreign correspondent, concludes that "Marxism has led to Fascism and National-Socialism, because, in all essentials, it is Fascism and National Socialism".<sup>3</sup> And Dr. Walter Lippmann has arrived at the conviction that

the generation to which we belong is now learning from experience what happens when men retreat from freedom to a

<sup>1</sup> Max Eastman, *Stalin's Russia and the Crisis of Socialism*, 1940, p. 82.

<sup>2</sup> W. H. Chamberlin, *A False Utopia*, 1937, pp. 202-3.

<sup>3</sup> F. A. Voigt, *Unto Cæsar*, 1939, p. 95.

coercive organisation of their affairs. Though they promise themselves a more abundant life, they must in practice renounce it; as the organised direction increases, the variety of ends must give way to uniformity. That is the nemesis of the planned society and the authoritarian principle in human affairs.<sup>1</sup>

Many more similar statements from people in a position to judge might be selected from publications of recent years, particularly from those by men who as citizens of the now totalitarian countries have lived through the transformation and have been forced by their experience to revise many cherished beliefs. We shall quote as one more example a German writer who expresses the same conclusion perhaps more justly than those already quoted.

The complete collapse of the belief in the attainability of freedom and equality through Marxism [writes Mr. Peter Drucker<sup>2</sup>] has forced Russia to travel the same road towards a totalitarian, purely negative, non-economic society of unfreedom and inequality which Germany has been following. Not that communism and fascism are essentially the same. Fascism is the stage reached after communism has proved an illusion, and it has proved as much an illusion in Stalinist Russia as in pre-Hitler Germany.

No less significant is the intellectual history of many of the Nazi and Fascist leaders. Everybody who has watched the growth of these movements in Italy<sup>3</sup> or Germany has been struck by the

<sup>1</sup> *Atlantic Monthly*, November 1936, p. 552.

<sup>2</sup> *The End of Economic Man*, 1939, p. 230.

<sup>3</sup> An illuminating account of the intellectual history of many of the Fascist leaders will be found in R. Michels (himself an ex-Marxist Fascist), *Sozialismus und Faschismus*, Munich 1925, vol. II, pp. 264–6, and 311–12.



number of leading men, from Mussolini downwards (and not excluding Laval and Quisling), who began as socialists and ended as Fascists or Nazis. And what is true of the leaders is even more true of the rank and file of the movement. The relative ease with which a young communist could be converted into a Nazi or *vice versa* was generally known in Germany, best of all to the propagandists of the two parties. Many a University teacher in this country during the 1930s has seen English and American students return from the Continent, uncertain whether they were communists or Nazis and certain only that they hated Western liberal civilisation.

It is true, of course, that in Germany before 1933 and in Italy before 1922 communists and Nazis or Fascists clashed more frequently with each other than with other parties. They competed for the support of the same type of mind and reserved for each other the hatred of the heretic. But their practice showed how closely they are related. To both, the real enemy, the man with whom they had nothing in common and whom they could not hope to convince, is the liberal of the old type. While to the Nazi the communist, and to the communist the Nazi, and to both the socialist, are potential recruits who are made of the right timber, although they have listened to false prophets, they both know that there can be no compromise between them and those who really believe in individual freedom.

Lest this be doubted by people misled by official propaganda from either side, let me quote one more statement from an authority that ought not to be suspect. In an article under the significant title of "The Rediscovery of Liberalism", Professor Eduard Heimann, one of the leaders of German religious socialism, writes:

Hitlerism proclaims itself as both true democracy and true socialism, and the terrible truth is that there is a grain of truth for such claims—an infinitesimal grain, to be sure, but at any

rate enough to serve as a basis for such fantastic distortions. Hitlerism even goes so far as to claim the rôle of protector of Christianity, and the terrible truth is that even this gross misinterpretation is able to make some impression. But one fact stands out with perfect clarity in all the fog: Hitler has never claimed to represent true liberalism. Liberalism then has the distinction of being the doctrine most hated by Hitler.<sup>1</sup>

It should be added that this hatred had little occasion to show itself in practice merely because, by the time Hitler came to power, liberalism was to all intents and purposes dead in Germany. And it was socialism that had killed it.

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While to many who have watched the transition from socialism to fascism at close quarters the connection between the two systems has become increasingly obvious, in this country the majority of people still believe that socialism and freedom can be combined. There can be no doubt that most socialists here still believe profoundly in the liberal ideal of freedom, and that they would recoil if they became convinced that the realisation of their programme would mean the destruction of freedom. So little is the problem yet seen, so easily do the most irreconcilable ideals still live together, that we can still hear such contradictions in terms as "individualist socialism" seriously discussed. If this is the state of mind which makes us drift into a new world, nothing can be more urgent than that we should seriously examine the real significance of the evolution that has taken place

<sup>1</sup> *Social Research* (New York), vol. VIII, no. 4, November 1941.—It deserves to be recalled in this connection that, whatever may have been his reasons, Hitler thought it expedient to declare in one of his public speeches as late as February 1941 that "basically National Socialism and Marxism are the same" (Cf. *The Bulletin of International News* published by the Royal Institute of International Affairs, vol. XVIII, no. 5, p. 269.)

elsewhere. Although our conclusions will only confirm the apprehensions which others have already expressed, the reasons why this development cannot be regarded as accidental will not appear without a rather full examination of the main aspects of this transformation of social life. That democratic socialism, the great utopia of the last few generations, is not only unachievable, but that to strive for it produces something so utterly different that few of those who now wish it would be prepared to accept the consequences, many will not believe till the connection has been laid bare in all its aspects.