Reflections on Hayek's Road to Serfdom

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It is hard to realize that Hayek wrote The Road to Serfdom two generations ago in 1944 inasmuch as so many of its arguments seem entirely applicable today. This seemed to be true the first time a read it during the 1960s. The occasion was a debate at UBC between me and a student member of the Communist Part of Canada (Marxist-Leninist). They were the Maoists on campus and were never to be confused with the Stalinists who adhered to the CPC without the addition (M-L). My Maoist opponent was fond of the term, which he borrowed directly from the Great Helmsman himself, "capitalist roaders." I was denounced as a capitalist-roader. In return, I denounced him as a "serfdom-roader" and relied on Hayek to explain why.

Today in Canada there is a lengthy debate being conducted over the proposal by the Harper government to scrap the compulsory long form of the census. This document takes the better part of an hour to fill out and asks a lot of very personal and "intrusive" questions. The Prime Minister, you may know, has an MA from my university in economics. His supervisor in the economics department, Frank Atkins, and one of his most important political advisors, my friend Tom Flanagan, have long admired Hayek. This has enabled Harper's opponents in the media and the supporters of the compulsory long-form of the census, chiefly economists (can you believe it?) and statisticians, to charge that Harper has been moved to reduce the size of the state by his own personal ideology. Harper replied that he did not think the government should be compelling citizens to disclose information that they might not wish to do and said that answering the long form census would be voluntary. In academic and private sector polling this is called informed consent. This has been overlooked by our charismatic statisticians.

So: Hayek's arguments have legs, even though the book was written, as the author says (viii), for English readers during the midst of the war against Nazi Germany and Japan. Understandably Japan is not mentioned. Which brings up my first major point: Hayek says, for reasons of prudence (iv), that he restrained his rhetoric when discussing the international socialists who, at the time, were allied with the western powers. This did not protect him from criticism by Labour Party politicians on the grounds that he was a "foreigner," which in English English is a term of considerably greater opprobrium than it is on this side of the Atlantic. In short, Hayek developed good reasons to assimilate socialists, whether national or international, to one another.

In contrast to the Brits, Americans disliked the book because it criticized their "ideals," chiefly the opinion that we are all, really, deep down inside, liberals. This was, for example,

Herman Finer's view in 1945, a decade before Louis Hartz published his definitive account of this apparently self-evident truth. Hayek was sufficiently empirical to attribute the difference within Anglo-American opinion to the fact that Europeans had experienced enough of the reality of the new serfdom to be cured of holding "ideals." He wrote: "From the saintly and single-minded idealist to the fanatic is often but a step," as we know today when discussing the antics of animal-rights advocates or believers in anthropogenic climate change. In other words, Americans today still seem to be infected with "ideals," almost as much as Canadians. Perhaps under the leadership of President Obama, you too will soon be clamouring for long, detailed, intrusive and compulsory census forms. So as not to be misunderstood, the problem with espousing "ideals" in Hayek's sense is that they prevent you from contemplating reality.

A second point that struck me on reading The Road to Serfdom again is Hayek's use of the term "liberal." He made the obvious observation that, on this side of the Atlantic, liberal does not mean what it meant over there. He did not, however, explain why the same word could mean very nearly opposite things, merely that it was "particularly regrettable" that "many true liberals" described themselves as conservatives (xi). A few years later Voegelin explained the limitations of such terms as liberal and conservative in his 1960 paper, "Liberalism and its History."

In this context, I might mention an incident from the spring to 1948, which Voegelin described in a letter to Heilman (Embry, 61-2). It seems that the Rockefeller Foundation was sponsoring a return to Vienna by a number of distinguished exiles, including Voegelin, Hayek and Gottfried Habeler, an economist at Harvard. Voegelin had been invited by the dean of the Vienna law school and Hayek was in charge of organizing the trip. Months of radio silence followed Voegelin's initial invitation and he prepared to spend the summer at Harvard staying at Habeler's home in Cambridge. Habeler informed Voegelin that the trip was in fact still on but that the RF wanted to restrict the personnel involved to economists. But then the dean wrote again and included some fancy documents appointing Voegelin as a visiting professor and that the RF would pay transportation costs.

Voegelin wrote to Heilman: "Joyfully, I smelled a rat." He then wrote to the RF for clarification. RF got in touch with Habeler to see why only economists were going and Habeler told the RF people that that is what Hayek had told him. Then, suddenly, a few days later, Voegelin received a note from the RF instructing him to get a passport and a Military Permit since he was going after all. "Surmised result," Voegelin wrote to Heilman, "Hayek tried to restrict the group to solid, conservative, liberal, free-trade fathead economists … and the beautiful idea miscarried …. You see, the world has its colorful spots everywhere." The deeper question raised by this otherwise comical event involves Hayek's understanding of the relationship of economics to politics and of economic science to political science.

For Hayek, these relations may be clear, but that understanding blinds him to the unacknowledged limitations of economics that accordingly account for some of the peculiarities of Hayek's analysis that I will mention in a minute. Before so doing I would emphasize that he strength of the book lies in its solid commonsense. Hayek argued, for example, that "extensive government control produces a psychological change, an alternation in the character of a people" (xiv). Today we call that a regime of bureaucratically-induced dependence or the dependency trap, and it seems invariably to result when citizens embrace a regime that considers only their interests, which can be effectively managed by bureaucrats, especially if they have data from

long-form censuses, and not our pride, which cannot be managed by anyone, often not even ourselves.

Hayek connected these institutional and psychological changes; "even a strong tradition of political liberty is no safeguard if the danger is precisely that new institutions and policies will gradually undermine and destroy that spirit" (xiv). Let us agree, for the sake of understanding Hayek's argument, that Fascism and Nazism were not "a reaction against the socialist trends of the preceding period but a necessary outcome of those tendencies" and that "the socialism of which we speak is not a party matter" (3-4). Hence his famous dedication, "to the socialists of all parties." In Hayek's view, Western individualism and the capacity for spontaneity, for innovation, and for action have been replaced by a kind of collectivism that lends itself to management, to planning, and to predictable behaviour. This is also commonsensical enough and refers in the language Voegelin used in The New Science of Politics (1952), to the "elemental" aspects of western politics.

Not that the elemental aspects of politics are trivial. For example, Hayek says (62): "if efficient planning is to be done, the direction must be 'taken out of politics' and placed in the hands of experts." An echo of this approach is found in the words of President Obama spoken before Congress last fall: "I am not the first president to take up this cause," namely health-care reform, "but I am determined to be the last." Consider the implications: If his health-care reform is implemented the way he wished and wishes, it will no longer be political but merely an administrative measure under the sway of experts, namely health-outcomes bureaucrats. Why? Because of another implication: those who believe in "progress" also believe it is irreversible. Hayek makes this very clear in his critical observations regarding the opinions of Harold Laski (62-3; 199). What makes "progress" irreversible is that it renders spontaneity, initiative and action increasingly difficult. As Hannah Arendt might have said, belief in the inevitability of progress contradicts the condition of natality.

It is worth reflecting on the unusual applicability of Hayek's arguments of 1944 to contemporary issues, whether debating Marxist-Leninist students or considering health-care reform. Of course, Hayek says, "the first task must now be to win the war," but winning it "will only gain us another opportunity to face the basic problems and to find a way of averting the fall which has overtaken kindred civilizations" (11). One implication of this statement might be: after the Nazis are defeated with the help of the Soviets we can look forward to what became the Cold War.

On the other hand, Hayek's assumption of what might be called the autonomy of economics or the primacy of economic science rather than autonomy of politics at least with respect to economics and the primacy of political science, means that war, including World War II, is not all that significant. There are no "wars of the spirit," as Nietzsche prophesied and we experienced during the Cold War and today. The most one can say is that war encourages planning and "socialism" on all sides. Certainly it is true enough as Bruce Porter has argued at length (War and the Rise of the State, 1994), that war has enhanced the size of the modern state, but in reality war is chiefly a political not an economic action, something studied properly by political not economic science.

In a letter to Hayek in 1938 Voegelin made this clear:

> There is … one point where I should suggest a certain qualification of your argument. I do not believe that the problem is one of the economic system and state intervention exclusively, but I am afraid that the evolution of the religious state of mind towards collectivism –not as an effect, but as the cause of economic evolution—plays an important role in the structure of our modern civilization. You can imagine easily what I am driving at after you have read the proofs which I have given to you [probably a copy of the proofs of Voegelin's The Political Religions]. But I have to repeat how glad I am that the all-decisive problem is being clarified from all angles of the moral sciences (CW, 29:153).

This focus of Hayek on economics is the key to the success of the book. He not only provides an easily understood, if limited, commonsensical argument critical of "socialism" and collectivism, he also offers an attractive alternative. If only reality were so simple and so easily changed!