

Friedrich A. Hayek on the Trail¹ to Freedom: a review of “The Road to Serfdom”

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“Quand je me lève le matin et que je dois prendre une décision, je ne me demande pas ce qu’auraient fait Ricardo ou Hayek, des hommes nés il y a plus de cent ans”.
Nicolas Sarkozy,
French Minister of the Interior².

Far be it from me to sneer³ at Mr Sarkozy for saying that, but his words betray the danger of a politician surfing the “young is beautiful”⁴ wave. Should any informed and educated person consider ideas obsolete just because they were produced by men born in 1772 and 1899 respectively? Is it not the duty of the responsible statesman – or even the would-be⁵ statesman – to read the classics, to look up to them rather than to look down on them? For the classics will give them fuel for thought⁶ – and maybe more political mileage! Another advantage of the classics is that, most often, they are not committed to any party interest. Therefore, even though they are not always free from bias, they are at least not blinded by partisan spirit.

The challenge I am planning to take up in the ensuing paper will be to

try and prove Mr Sarkozy wrong. I shall not do this out of misplaced *hubris*⁷: I am not trying to teach him a lesson. My point is only to show that the ideas Hayek expressed in his 1944 masterpiece, however vilified and demonised they may have been since the book was published (especially by people that have not bothered to read it) still ring true today and may be a clear guide for any well-meaning⁸ politician.

The spatial and temporal background

The attentive reader of *The Road to Serfdom* (hereafter⁹ *The Road*) might find the geographical and temporal data supplied at the end of the preface puzzling: “London School of Eco-

- (1) **Trail to Freedom** : an allusion to a sign-posted walk, the Freedom Trail, in the city of Boston, designed to allow visitors to see the places of historical interest relating to the War of Independence.
- (2) **In a speech delivered on October 14, 2005, during a forum staged in Paris by Croissance Plus, a managerial lobby. Quoted in ‘Challenges’, n° 9, 27 octobre 2005, at page 60.**
- (3) **To sneer** : to mock ; deride ; jeer at
- (4) **young is beautiful** : an approximate rendering of the French “jeunisme”
- (5) **would-be** : used adjectively to mean that someone is striving to be or become something they are not yet; for example: a would-be singer = personne qui veut être chanteur, voire, de façon plus péjorative, un prétendu chanteur.
- (6) **A pun (=jeu de mots) on food for thought (=matière à réflexion)**
- (7) **Hubris** : excessive, arrogant pride
- (8) **well-meaning** : bien intentionné
- (9) **hereafter** : following this (ci-après)

nomics, Cambridge, December, 1943". Why had LSE been moved to Cambridge? The answer is, obviously, because of the V1s and V2s liberally¹⁰ showered on London by Nazi Germany during WWII.

No book is an island of itself : it is penned in a given environment. It is rooted in time and space, and particularly so of *The Road*. This is a war book in the double sense that

a) it was written during the war and reflects Hayek's scepticism – if not aversion – as to the feasibility of a nation, Britain, getting organised economically (and politically) in peacetime as it was in wartime; and

b) it is a juggernaut¹¹ used by Hayek to wage war on what he sees as the ominous¹² trilogy : socialism, central planning and the welfare state¹³.

Central planning was seen as a cure-all then. It was *the* fashionable idea in what was left of the free world on both sides of the Atlantic. One of its most ardent proponents was William Henry Beveridge (1879-1963), first Baron Beveridge of Tuggal, and director of LSE from 1919 to 1937. On the LSE website (www.lse.ac.uk/resources/LSEHistory/beveridge.htm), the following can be read:

"His most famous contribution to society is the **Beveridge report** (officially, the **Social Insurance and Allied Services Report**) of 1942, the basis of the 1945-51 Labour Government's legislation program for social reform. Beveridge saw full employment as the pivot of the social welfare programme he expressed in the 1942 **Beveridge report**, and **Full Employment in a Free Society** (1944) expressed how this goal might be gained. Alternative measures for achieving it included Keynesian-style fiscal regulation, direct control of manpower, and state control of the means of production. The impetus behind Beveridge's thinking was *social justice* and the creation of an *ideal new society* [emphasis mine¹⁴] after the war."

Another active advocate of the "ideal new society" was John Maynard Keynes (1883-1946), a member of the Bloomsbury Group¹⁵, a Cambridge economist who during both World Wars was adviser to His Majesty's Treasury. He was the key drafter of the Royal Commission's **White Paper on Employment Policy** (1944), which got the British government to accept responsibility for maintaining employment by Keynesian methods, including economic planning and state-funded programmes of public works.

Both Beveridge and Keynes were among the major players in the British intellectual arena of the 1940s, and Hayek found himself more or less in the position of the lone sniper, the odd man out¹⁶, on that battlefield. It might be useful to pause for a while and wonder why things were so. When writing *The Road* in 1944, Hayek was a British citizen. He had acquired British citizenship in 1938 and had been living in Britain since 1931, when he had been appointed professor of economic science at LSE as a 'refugee scholar', thanks to the sheltering programme initiated by Lord Beveridge and a few of his fellows to host the stay of continental colleagues fleeing Nazi oppression.

Hayek had been born, raised and educated in Vienna, Austria. He was director of the Austrian Institute for Economic Research there

from 1927 until his departure for England in 1931. Being of Austrian-Jewish stock¹⁷, he had been a concerned observer of the rise of National-Socialism in Germany. Obviously, he was to remember where he had come from and what had happened there, prior to and after his departure for Britain, while writing *The Road*.

An overview of the book ■

In the two pages of the preface, Hayek is perfectly clear about what prompted him to write this 'political book' based on 'certain ultimate values':

I have come to regard the writing of this book as a duty which I must not evade. (p. 8)

As to the reason that he should feel it a duty, the answer is clear as well: *Public opinion on these problems [economic ones] is to an alarming extent guided by amateurs and cranks, by people who have an axe to grind or a pet panacea to sell*¹⁸. (p. 8)

Put differently, Hayek, a University don¹⁹, leaves the Ivory Tower of Academia to step into the arena of the war of ideas to try and rectify a few harmful and potentially destructive falsehoods.

In the few pages of the introduction, Hayek proceeds by stating

- (10) liberally : generously
- (11) juggernaut : mastodonte, rouleau compresseur, "arme de destruction massive"
- (12) ominous : threatening, menacing, inauspicious
- (13) the Welfare State : l'Etat Providence
- (14) emphasis mine : c'est moi qui souligne
- (15) the Bloomsbury Group : "a group of artists and writers who lived and met each other regularly in Bloomsbury in the early part of the 20th century. The most famous member of the group was Virginia Woolf." Longman's Dictionary of English Language and Culture, at page 120.
- (16) lone sniper : franc-tireur isolé; the odd man out : l'exception
- (17) stock : meaning here descent, origin
- (18) to have an axe to grind : avoir un compte à régler ; to have a pet panacea to sell : avoir un remède miracle à fourguer
- (19) don : university teacher in Britain

why he feels it his duty to sound the alarm in his adoptive land: he just wants Britain to avoid the repetition of the sinister scenario he had already seen coming in German-speaking Europe. For the trap is especially treacherous : it must be recalled, he claims, that the hands that rocked the cradle of Nazism were ‘largely’ those of ‘people of goodwill’. Such developments as those that have brought Hitler to power are not inevitable provided ‘people realise in time where their efforts may lead’ (p. 4): *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.* (p. 6)

Another false idea should be shattered:

... the contention that only the peculiar wickedness²⁰ of the Germans has produced the Nazi system is likely to become the excuse for forcing on us the very institutions which have produced that wickedness. (p. 7-8)

Even though he admits there is a ‘kinship²¹ between Prussianism and socialism’, Hayek concludes:

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 steeped²² in the Prussian tradition, and favoured by it, that National-Socialism arose. (p. 9)

The abandoned road

Hayek’s contention in the first chapter is that the crisis that culmi-

nated in WWII derived from ‘a struggle of ideas within what ...was a common European civilisation’ (p.11) and that a common European intellectual heritage brought about the totalitarian systems then prevailing in both Axis countries and the Soviet Union.

Our cardinal mistake, Hayek goes on, is that we have turned our backs on the liberalism and individualism that had been handed down²³ to us by our Renaissance forefathers, because that ideology, in its 18th- and 19th-century variant, conveniently summed up by the French expression of *laissez-faire*, had been too slow in delivering the progress people yearned for. Consequently, instead of looking back on the progress achieved over those two hundred years, thanks to the liberal principles evolved²⁴ mainly by British thinkers, the focus was on what was still lacking.

It became widely believed, under the intellectual guidance of German thinkers like Hegel, Marx, List, Schmoller, Sombart, and Mannheim, who took over from their British counterparts from 1870 onwards, that the key consisted in washing away liberalism, then seen as a ‘negative creed’, a Trojan horse of base British instincts, and sing the praises²⁵ of socialism instead.

The Great Utopia

According to the author, that ‘great utopia’ is also known as *democratic socialism*. Socialism ‘began as a reaction against the liberalism of the French Revolution’ (p. 24). Its founding fathers, most of whom were French, were firm believers in dictatorial government to achieve

their aims. For instance, Hayek claims, Saint-Simon (1760-1825), the philosopher and social scientist, warned that those who disagreed with his planning system would be “treated as cattle”²⁶.

In a speech delivered at the Constituent Assembly on September 12th, 1848, Alexis de Tocqueville, the standard bearer²⁷ of French liberalism, said:

Democracy extends the sphere of individual freedom, 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. (as quoted at page 25)

To restore some allure and lustre to its fading colours, socialism came up with a novel trick: its proponents ‘began increasingly to make use of the promise of a “new freedom”’. This could make sense only if a change in meaning of the term ‘freedom’ were effected. To the liberals, ‘the word had meant freedom from the arbitrary power of other men’. In its new revised socialist definition it was ‘freedom from necessity, release from the compulsion of the circumstances which inevitably limit the range of choice of all of us’ (p. 26).

In the final analysis, Hayek observes,

The demand for the new freedom was thus only another name for the old 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. (p.26-7)

Socialist propaganda had succeeded in turning the situation around and making socialism pass for the ‘Road to Freedom’ while it risked being ‘in fact the High Road to Servitude’.(p.27)

The make-over²⁸ was not a real success however. Quite a few western

- (20) wickedness : méchanceté, cruauté
- (21) kinship : parenté, affinité
- (22) steeped : rooted
- (23) handed down : passed on (Fr : légués)
- (24) evolved: developed piecemeal, gradually
- (25) to sing the praises of sby : chanter les louanges de qq’un
- (26) cattle : du bétail
- (27) standard bearer : porte-drapeau
- (28) make-over : ici, ravalement de façade

journalists and thinkers who had stayed in either Germany or Italy or Russia during the 1930s to witness the making of the 'ideal new society' came back with accounts that were far from being laudatory.

W. H. Chamberlin, who was an American correspondent for twelve years in Russia, and spent time in Italy and Germany as well, wrote, in *A False Utopia*, in 1937, at pages 202-3

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.

F.A. Voigt, a British writer and correspondent in Europe too, painted roughly the same picture as Mr Chamberlin. But the best assessment may have been produced by a German writer, Peter Drucker, in *The End of Economic Man*, in 1939, at page 230

The complete collapse of the belief in the attainability of freedom and equality through Marxism has forced Russia to travel the same road towards 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.

Furthermore, Hayek reminds us that most of the prominent politicians in the Fascist or Nazi movements (Mussolini, Laval and Quisling for instance) had begun as socialists. But what worries him most is the fact that many of the British advocates of socialism in the mid-1940s lacked the first-hand experience of any of the by-products of the socialist creed, be it communism in its Leninist or Stalinist variants, or Fascism or Nazism. To him, the lack of that hands-on approach

accounts for the fact that 'most socialists here [=in Britain] still believe profoundly in the liberal ideal of freedom and... they would recoil if they became convinced that the realisation of their programme would mean the destruction of freedom.' (p.31)

Individualism and collectivism

The major reason that we may be slipping and sliding on the wrong path, which leads to a managed existence, a planned life, may be the confusion surrounding the concept of socialism.

Socialism may mean 'merely the ideals of social justice, greater equality and security', but it may also mean 'the particular method by which most socialists hope to attain these aims' (p. 33). In the latter sense, socialism is the bogey²⁹ for the average liberal, since it is bound to bring in its wake everything that is detestable to him : 'the abolition of private enterprise, of private ownership of the means of production, and the creation of a system of "planned economy" in which the entrepreneur ... is replaced by a central planning body' (pp.33-4).

Three things contribute to blurring the issue:

a) the fact that 'the dispute about socialism has ... become largely a dispute about means and not about ends' as if the different ends were compatible with one another, which is questionable and

b) 'the common practice of denying that those who repudiate the means value the ends' and finally

c) the fact that 'the prime instrument of socialist reform [= economic planning] can be used for many other purposes'.

To be more explicit about c), planning 'could ensure an equalitarian distribution' as well as it could satisfy our wish 'that more of the good things of this world should go to some racial elite, the Nordic men [an obvious reference to the Nazi

concept of Aryan superiority] or the members of a party or an aristocracy' (p. 34).

For Hayek, this is how collectivism works. That regimentation of economic life must be avoided, however, because it places governments in a position where, in the words of Adam Smith, "to support themselves they are obliged to be oppressive and tyrannical" (Hayek - page 35).

"Planning", in its broad sense, is commendable and necessary: most of our daily activities require some form of planning to be tackled properly. But this is not what modern planners have in mind. What they want, Hayek says, is a central direction of economic activity as a whole and in line with a master plan³⁰. The conflict between the liberal view and the collectivist one can therefore be summed up thus: should we let individuals plan for themselves or should planning be centralised?

Being against planning thus understood does not mean having 'a dogmatic *laissez-faire* attitude

The liberal argument is in favour of making the best possible use of the forces of competition as a means of coordinating human efforts, not an argument for leaving things just as they are. (p.37)

If economic liberalism regards competition as the best option, it is 'because it is the only method by which our activities can be adjusted to each other without coercive or arbitrary intervention of authority' (p.37-8).

What is of paramount importance for competition to work effectively is 'the existence of an appropriate legal system, a legal system designed both to preserve competition and to make it operate as beneficially as possible' (p.39).

(29) **bogey : something causing fear (= bête noire)**

(30) **master plan : schéma directeur**

And finally, the state should, to some extent, play an active part: *In no system that could be rationally defended would the state just do nothing.* (p.40)

The trouble is, to Hayek's way of thinking, that nowhere did states go far enough in 'the task of creating a suitable framework for the beneficial working of competition'. They turned instead to planning, which is viewed, under the influence of socialist propaganda, as superior to, and a 'movement against', competition.

The danger is the creation of 'a sort of syndicalist or "corporative" organisation of industry':

By destroying competition in industry after industry, this policy puts the consumer at the mercy of the joint monopolist action of capitalists and workers in the best organised industries. (p. 42)

Common sense would find for³¹ some balanced combination of planning with competition, but, Hayek argues, *Both competition and central direction ...are alternative principles used to solve the same problem, and a mixture of the two means that neither will really work and that the result will be worse than if either system had been consistently relied upon.* (p.43)

The "inevitability" of planning

Hayek's submission³² here is that it is a myth 'devoid of foundation'.

Proponents of planning often contend that it is inevitable because of 'technological changes [which] have made competition impossible'. As a result, they assert, all we can do is choose 'between control of production by private monopolies and direction by the govern-

ment', a 'belief derive[d] mainly from the Marxist doctrine of the "concentration of industry"'.

Even though the growth of monopoly since the beginning of the 20th century cannot be denied, the main question, Hayek claims, is whether the rise of monopoly was a 'necessary consequence of the advance of technology or whether it was simply the result of the policies pursued in most countries' (p. 46).

A survey on the "Concentration of Economic Power", undertaken in 1941 by the American Temporary National Economic Committee, a body, Hayes says, which is not hostile to planning, noted : "The conclusions that the advantage of large-scale production must lead inevitably to the abolition of competition cannot be accepted." It also observed that

Monopoly is often the product of factors other than the lower cost of greater size. It is attained through collusive agreements and promoted by public policies. (as quoted at pp. 47-8)

The latter observation is confirmed by the German example; there, Hayek argues, 'the growth of cartels and syndicates³³ has since 1878 [the year when Bismarck started implementing a new interventionist economy in Prussia] been systematically fostered by deliberate policy'. German governments promoted 'the creation of monopolies for the regulation of prices and sales' (p. 48).

Hayek then finds fault with the second argument in favour of the "inevitability" of planning, i.e. 'that the complexity of our modern industrial civilisation creates new problems with which we cannot hope to deal effectively except by

central planning' (p. 50), which may be only partly true, for, Hayek asserts,

It is the very complexity of the division of labour under modern conditions which makes competition the only method by which such co-ordination can be adequately brought about. (p.51)

To make a long story short, Hayek finds little evidence that could contradict one of his last pronouncements on the subject of inevitability:

The movement towards planning is the result of deliberate action and there are no external necessities which force us to it. (p.55)

Why then should planning be so praised and its coming so ardently awaited? To Hayek, the answer is that the movement for planning 'unites almost all the single-minded idealists', people we should beware of since 'From the saintly and single-minded idealist to the fanatic is often but a step'. (p. 57)

Planning and democracy

All collectivist systems 'differ from liberalism and individualism in wanting to organise the whole of society and all its resources for [a] unitary end, and in refusing to recognise autonomous spheres in which the ends of the individuals are supreme. In short, they are totalitarian' (p. 60).

This single quotation from Chapter Five sums it up so well that we could almost pass on immediately to the following one. This will be done after one significant observation has been made, however, concerning Parliamentaryism.

Making laws, Hayek notes, is quite straightforward as long as 'people agree on common ends'. As a result,

We can rely on voluntary agreement to guide the action of the state only so long as it is confined to spheres where agreement exists. (p. 64)

This, according to Hayek, is the root of the problem: if democratic

(31) to find for someone : in legal English, this means rendering a verdict favourable to someone

(32) submission : a proposal that is submitted; a suggestion

(33) syndicate : a deceptive cognate ; a syndicate is usually a bosses' organisation, not a workers' one !

assemblies legislate on matters where no such agreement exists, this is likely to fuel resentment towards those legislative bodies, seen as 'unable or incompetent to carry out the tasks for which they have been chosen'. (p. 65)

Such a criticism has been made since the beginning of the 20th century by Beatrice and Sydney Webb and their Fabian Society³⁴ and has been picked up again at regular intervals by socialist critics since then. Some, like Professor Laski in *Democracy in Crisis* (1933), went so far as to argue that "parliamentary democracy must not be allowed to form an obstacle to the realisation of socialism" and that a Labour government should obtain guarantees from the Conservative opposition that the socialist "work of transformation" would not be destroyed by them if they were returned to power.

In such a climate, Hayek notes, 'the belief is becoming more and more widespread that, if things are to get done, the responsible authorities must be freed from the fetters³⁵ of democratic procedure' and 'The cry for an economic dictator is a characteristic stage in the movement towards planning'. (pp. 70-1)

To conclude :

Hitler did not have to destroy democracy; he merely took advantage of the decay of democracy and at the critical moment obtained the support of many to whom, though the Y detested Hitler, he yet seemed the only man strong enough to get things done. (p. 71)

Planning and the Rule of Law³⁶

Chapter Six is a key chapter. It therefore calls for detailed scrutiny. The main plank³⁷ in Hayek's argument here is that the presence or absence of the Rule of Law is the main criterion by which to tell³⁸ a free country from one that is not.

A country enjoying the benefit of the Rule of Law is one in which the

'government in all its actions is bound by rules fixed and announced beforehand³⁹ – rules which make it possible to foresee ... how the authority will use its coercive powers in given circumstances, and to plan one's individual affairs on the basis of this knowledge.' (pp. 75-6)

Under the Rule of Law, the individual enjoys the freedom to 'pursue his personal ends and desires' without fearing government interference 'to frustrate his efforts'.

In the economic field, we may find two types of societies: the one in which, within a global and stable framework, individuals will decide for themselves, the other where economic activity will be guided by a central authority (which is what 'socialists of all parties', as Hayek said, were clamouring for when the book was being written).

In the latter type, 'the government directs the use of the means of production to particular ends'. In the former one, 'formal rules ... are intended to be merely instrumental in the pursuit of people's various individual ends.' (p. 76)

In the collectivist system, the planning authority 'cannot tie itself down in advance to general and formal rules which prevent arbitrariness. It must provide for the actual needs of the people as they arise and then choose deliberately between them.' (p. 77) If the government has to decide how many pigs are to be raised or how many buses should run, such decisions are bound to depend on 'the circum-

stances of the moment' and not 'deduced from general principles'.

Furthermore, such decision-making entails comparing the various interests of various persons and groups and, eventually, someone will have to say whose interests prevail. Therefore, 'a new distinction of rank' will emerge.

The distinction between formal law or justice and substantive rules is vital. It is the same as that between laying down a Rule of the Road, as in the Highway Code⁴⁰, and ordering people where to go.' Formal rules are superior to others in the sense that 'they do not involve a choice between particular ends or particular people'. (p. 78)

There are two arguments in favour of formal rules. The first one is economic. If individuals are to make informed, rational choices, the actions of the State must be predictable, 'must be determined by rules fixed independently of the concrete circumstances which can neither be foreseen nor taken into account beforehand'. If, conversely, the State controlled the individuals' actions, 'its actions would have to be decided on the basis of the full circumstances of the moment and would therefore be unpredictable'. (p. 79)

The other argument, of a moral and political nature, is yet relevant to the demonstration. General rules, Hayek argues, must be intended to operate in largely unpredictable circumstances. Therefore, their effect on particular ends or particular people cannot be known in advance and

(34) Fabian Society : a British socialist movement, founded in London in 1884. It was critical of free trade and supported protectionism and attracted many left-wing thinkers, like George Bernard Shaw, H. G. Wells and the Webbs. It led to the formation of the Labour Party in 1900.

(35) fetters :shackles, restraints (entraves)

(36) the Rule of Law : often translated by 'l'Etat de Droit'

(37) plank : principal item, element (mainly used to talk about political platforms)

(38) to tell : to differentiate

(39) beforehand : in advance

(40) Highway Code : le Code de la route

'In a world where everything was precisely foreseen, the state could hardly do anything and remain impartial'. (p. 80)

As soon as the particular effects are foreseen at the time when a law is made, it ceases to be a mere instrument to be used by the people and becomes instead an instrument used by the law-giver upon the people and for his ends. The state ceases to be a piece of utilitarian machinery intended to help individuals in the fullest development of their personality and becomes a "moral" institution – where "moral" describes an institution which imposes on its members its views on all moral questions, whether these views be moral or highly immoral. In this sense, the Nazi or any other collectivist state is "moral", while the liberal state is not. (p. 80)

A counter-argument might be that the economic planner 'need not and should not be guided by his individual prejudices, but could rely on the general conviction of what is fair and reasonable'. However, Hayek claims, the more planning there is, the more it is 'necessary to qualify legal provisions ... by reference to what is "fair" or "reasonable" i.e. 'leave the decision of the concrete case ... to the discretion of the judge or authority in question.'

One could write a history of the decline of the Rule of Law... in terms of the progressive introduction of these vague formulae into legislation and jurisdiction, and of the increasing arbitrariness and uncertainty of, and the consequent disrespect for, the law and the judiciary. (p. 81)

In short, 'planning necessarily involves deliberate discrimination between particular needs or differ-

ent people. It means in effect a return to the rule of status, a reversal of the movement of progressive societies which has hitherto⁴¹ been a movement from status to contract'. (p. 82)

Liberalism and the Rule of Law

The notion of "laissez-faire", Hayek says, has been misunderstood as meaning that the State should not act at all, which is not the case. Every state must act, but not always:

...the state controlling weights and measures⁴²... is certainly acting, while the state permitting the use of violence, for example, by strike pickets, is inactive. Yet, it is in the first case that the state observes liberal principles and in the second that it does not. (p.84)

The Rule of Law was evolved during the liberal age and may be one of its greatest achievements:

Man is free if he needs to obey no person but solely the laws. Immanuel Kant (1724-1804) (Hayek p. 85)

Governmental action may be legal, but not necessarily in agreement with the Rule of Law:

It may well be that Hitler has obtained his unlimited powers in a strictly constitutional manner and that whatever he does is therefore legal in the juridical sense. But who would suggest for that reason that the Rule of Law still prevails in Germany? (p. 85)

The most arbitrary rule can be made legal if the government is given unlimited powers and 'in this way a democracy may set up the most complete despotism imaginable'. (p. 86)

'The Rule of Law thus implies limits to the scope of legislation'. (p. 87) The 'limitations of the pow-

ers of legislation imply the recognition of the inalienable right of the individual, inviolable rights of man.' (p. 88)

Economic control and totalitarianism

Most planners agree that 'a directed economy must be run on more or less dictatorial lines'. (p.91) This opening remark sets the tone of Chapter Seven, the purpose of which is to show how people would doubly lose, firstly as consumers and then as producers, if central planning were enforced.

Hayek asserts that people generally believe they could make do with the regimentation of their economic life because 'the power which is exercised over economic life is a power of secondary importance only'. They wrongly assume that 'there are purely economic ends separate from the other ends of life'.

To Hayek, this is just another fallacy since:

The ultimate ends of the activities of reasonable beings are never economic. Strictly speaking there is no "economic motive" but only economic factors conditioning our striving for other ends. (p. 92)

'If we strive for money, it is because it offers us the widest choice in enjoying the fruits of our efforts'. If the "pecuniary motive" were, as many socialists suggest, displaced by "non-economic incentives", like 'public distinctions or privileges, positions of power over other men, or better housing or better food ... this would mean that the recipient⁴³ would no longer be allowed to choose' and the person or body fixing the reward would exercise considerable sway over their many subordinates.

Whoever controls all economic activity controls the means for all our ends, and must therefore decide which are to be satisfied and which are not. This is really the crux of the matter⁴⁴. Economic control is ...

(41) hitherto : up to this/that time

(42) weights and measures : les poids et mesures

(43) recipient : is another deceptive cognate ! It means 'beneficiary'.

(44) the crux of the matter : the central issue; the core of the problem

the control of the means for all our ends. (p. 95)

Freedom of choice in the competitive society depends on the existence of a plurality of suppliers. It vanishes if we are faced with a monopolist.

Consumption is one thing, and production is another. Concerning production, Hayek's main focus is our freedom (or the lack of it) in choosing our work. It is a myth, he maintains, that the "free choice of occupation" would be guaranteed by a central planning authority:

Although the professed aim of planning would be that man should cease to be a mere means, in fact – since it would be impossible to take account in the plan of individual likes and dislikes – the individual would more than ever become a mere means, to be used by the authority in the service of such abstractions as the "social welfare" or the "good of the community". (pp. 99-100)

Eventually, the "freedom from economic care" advocated by the socialists and 'which can be obtained only by relieving the individual at the same time of the necessity and the power of choice' is a lure. The only economic freedom worth fighting for is 'the freedom of our economic activity which, with the right of choice, inevitably also carries the risk and the responsibility of that right'. (p. 104)

Who, Whom?

The butt of Hayek's criticism in Chapter Eight is the socialist promise of "distributive justice", engineered through central planning and whereby⁴⁵ everyone would get their fair share.

The relentless⁴⁶ quest of equality, however, is a sure means of paying the way for unfreedom. Here, Hayek quotes Lord Acton (1834-1902), the liberal English historian: "The passion for equality made vain the hope for freedom." (p. 105).

Hayek's premise is that both competition and justice are "blind", i.e. they are 'no respecters of persons', which to him is commendable⁴⁷. According to him, we have to choose from only two types of future society:

a system where it is the will of a few persons that decides who is to get what, and one where it depends at least partly on the ability and enterprise⁴⁸ of the people concerned and partly on unforeseeable circumstances. (p. 106)

Supporters of distributive justice often claim that private property is the source of all evil. Once again, Hayek begs to differ. His contention is that private property is 'the most important guarantee of freedom', since it ensures that the control of the means of production is divided up. As a result, 'nobody has complete power over us', which would no longer be true 'if all [those means] were vested in a single hand'.

As for inequality, Hayek's view is that it is much more bearable 'if it is determined by impersonal forces [as in the competitive society] than when it is due to design⁴⁹ [as in the centrally-planned society]'. (p. 110)

Returning to the question that serves as a title to the chapter, Hayek says:

I believe it was Lenin himself who introduce to Russia the famous phrase "who, whom?" ... the byword⁵⁰ in which people summed up the universal problem of a socialist society. Who plans whom, who directs and dominates whom, who assigns to other people their station in life, and who is to have his

due allotted by others? These become necessarily the central issues to be decided solely by the supreme power. (p. 112)

The general agreement, Hayek states, is that distributive justice is but an elusive dream. Hence, the promotion of "greater equality" as its more attainable substitute by socialists. But the author claims : *the desire for greater equality is merely negative, no more than an expression of dislike of the present state of affairs. [This expression] does not free us from the necessity of deciding in every particular instance between the merits of particular individuals or groups, and gives us no help in that decision. All it tells us in effect is to take from the rich as much as we can. But when its comes to the distribution of the spoils⁵¹, the problem remains unsolved.* (p. 114)

Security and freedom

In Chapter Nine, Hayek sets out to discuss the notion of economic security, a term, he declares, which 'is no less vague and ambiguous than most other terms in this field'. (p. 123) However vague and ambiguous it may be, it is widely popular, firstly because it is very often seen as 'an indispensable condition of real liberty' and secondly because

Independence of mind or strength of character are rarely found among those who cannot be confident that they will make their way by their own effort. (p. 123)

Hayek agrees that people must be ensured 'minimum food, shelter and clothing' as well as assisted 'in

(45) **whereby** : by what ; by means of which

(46) **relentless** : unrelenting ; that is not likely to stop, to abate

(47) **commendable** : praise-worthy ; which can be recommended

(48) **enterprise** means 'initiative' here

(49) **due to design** : not accidental, but rationally planned

(50) **byword** : a frequently used word or phrase

(51) **distribution of the spoils** : la répartition du butin

the case of sickness or accident' or in the event of an act of God, such as an earthquake or flood, happening. In this sense, everybody is for security. But, Hayek asserts, the planning which is advocated by left-wing thinkers is different : 'It is planning designed to protect individuals or groups against diminutions of their income..., against losses imposing severe hardships having no moral justification.' (p. 126)

Once more, we are faced with a crucial choice 'between two irreconcilable types of social organisation, which ... have often been described as the commercial and military type of society'. (p. 130-1) In the former, 'both the choice and the risk rest with the individual', while in the latter the individual 'is relieved of both'. (p. 131)

'In a society used to freedom', Hayek goes on, 'it is unlikely that many people would be ready deliberately to purchase security at this price' (p. 132), i.e. that of a society turned into the 'single great factory' Lenin dreamt of in 1917: "The whole society will have become a single office and a single factory with equality of work and equality of pay". (Hayek, p. 123)

The danger, if we are all to become state employees, is that 'only a few will resist the temptation of safety at the price of freedom. Once things have gone too far, liberty becomes almost a mockery, since it can be purchased only by the sacrifice of most of the good things of this earth.' (p. 136) To avoid this trap, 'we should re-learn frankly to face the fact that freedom can only be had at a price and that as individuals we must be prepared to make severe material sacrifices to preserve our liberty.' (p. 137)

Why the worst get on top

The title of this tenth chapter could be rephrased as : "Why the worst get to the top", in which the top would be the top of the social ladder.

The quotation by Lord Acton (1834-1902), the famous liberal English historian, used as an epigraph⁵² to Chapter Ten, brilliantly sums up its contents: "All power corrupts, absolute power corrupts absolutely." (Hayek, p. 138)

In this chapter, Hayek examines the widespread 'belief that the most repellent features of the totalitarian regimes are due to historical accident that they were established by groups of blackguards and thugs⁵³.' (p. 138) If thugs came to power in Nazi Germany, the argument goes on, this is vivid proof that Germans are wicked, not that 'the rise of such people is the necessary consequence of a totalitarian system'. (p. 138) Believers in that story conclude by asking the following question : 'Why should it not be possible that the same sort of system ... be run by decent people for the good of the community as a whole?' (p. 138) In short, people are to blame for what has gone wrong, but not the system, which can't inherently be bad, as such.

As the attentive reader may guess, Hayek does not share that point of view: 'the worst features of the existing totalitarian systems are not accidental by-products, but phenomena which totalitarianism is certain sooner or later to produce'. (p. 139)

Why then should a totalitarian society be the ideal ground for 'blackguards and thugs' to grow? Hayek's answer is quite straightforward: *Just as the democratic statesman*

who sets out to plan economic life will soon be confronted with the alternative of either assuming dictatorial powers or abandoning his plans, so the totalitarian dictator would soon have to choose between disregard of ordinary morals and failure. It is for this reason that the unscrupulous and uninhibited are likely to be more successful in a society tending toward totalitarianism. (p. 139)

Every collectivist system has two central features:

- a) 'the need for a commonly accepted system of ends of the group' and
- b) 'the all-overriding⁵⁴ desire to give to the group the maximum of power to achieve these ends.' (p. 150)

To Hayek, the collectivist system of morals stems from those two features and 'collectivist ethics has found its most explicit formulation' in '*the raison d'état*':

The principle that the end justifies the means is in individualistic ethics regarded as the denial of all morals. In collectivist ethics it becomes necessarily the supreme rule. (p. 151)

Furthermore, *Once you admit that the individual is merely a means to serve the ends of the higher entity called society or the nation, most of those features of totalitarian regimes which horrify us follow of necessity. From the collectivist standpoint intolerance and brutal suppression of dissent, the complete disregard of the life and happiness of the individual, are essential and unavoidable consequences of this basic premise, and the collectivist can admit this and at the same time claim that his system is superior to one in which the "selfish" interests of the individual are allowed to obstruct the full realisation of the ends the community pursues.* (p. 153)

(52) used as an epigraph : mise en exergue

(53) blackguards and thugs : dishonourable men and violent criminals

(54) all-overriding : qui prévaut sur tout

In the collectivist dictatorial system, Hayek contends:

Since it is the supreme leader who alone determines the ends, his instruments must have no moral convictions of their own. They must ... be unreservedly committed to the person of the leader [and] they should be completely unprincipled and literally capable of everything. (p. 154-5)

In this system, Hayek asserts, 'there will be special opportunities for the ruthless and the unscrupulous⁵⁵. There will be jobs ... which have to be done in the service of some higher end ... as there will be need for actions which are bad in themselves.' (p. 155) As a result, Hayek concludes:

The readiness to do bad things becomes a path to promotion and power. The position in a totalitarian society in which it is necessary to practice cruelty and intimidation, deliberate deception⁵⁶ and spying, are numerous. Neither the Gestapo nor the administration of a concentration camp ... are suitable places for the exercise of humanitarian feelings. Yet it is through positions like these that the road to the highest positions in the totalitarian state leads. (p. 155)

The end of truth

'The most effective way of making everybody serve the single system of ends towards which the social plan is directed is to make everybody believe in those ends.' (p. 157) The only means available to reach that goal is propaganda, Hayek states:

*In a totalitarian state...all propaganda serves the same goal, ... all the instruments of propaganda are co-ordinated to influence the individuals in the same direction and to produce the same **Gleichschaltung**⁵⁷ of all minds.* (p. 158)

The best way of making people accept the validity of the new values is to talk them into believing that the 'new gods' they will have to worship are those that, unwittingly, they had been yearning for previ-

ously, that the new values were 'the same as those which they [had] always held, but which were not properly understood or recognised before.' (p. 161)

'And the most efficient technique to this end is to use the old words but change their meaning.' (p. 161)

Language is perverted and some words especially become the focus of the totalitarian planner's attention, like 'liberty' and 'freedom': "The less freedom there is, the more there is talk of the 'new freedom'" (Peter Drucker in *The End of Economic Man*, Hayek, p. 162)

'Words', Hayek concludes, 'become empty shells deprived of any definite meaning, as capable of denoting one thing as its opposite and used solely for the emotional associations which still adhere to them'. (p. 163)

Hayek's topicality⁵⁸

For the sake of brevity, I shall not analyse the last four chapters of *The Road*. This will be a marginal loss, however, since I suppose the reader has by now grasped the drift⁵⁹ of Hayek's thought and realised that much of what he said still applies today to the description of our society.

Hayek is endearing as many Cassandras (prophets of doom) are. Crying wolf is a proof of altruism. Indeed, such lucid and far-sighted visionaries as Hayek or de Gaulle are rarely popular, even when they are trying to warn their compatriots against the danger of repeating the disastrous mistakes that were made previously. Their unpopularity stems largely from their will to

shed light on what we do not want or dare to see, however blatant⁶⁰ this may be. They want to shatter 'the illusions to which we are determined to cling'.

Today's France is crowded with people who 'do not want to understand', who share a 'fatalistic acceptance of "inevitable trends"'. Regarding the current state of our nation, a sentence extracted from Hayek's introduction applies:

There are few signs yet that we have the intellectual courage to admit to ourselves that we may have been wrong. (p. 4)

Another forceful idea developed by Hayek in *The Road* sounds as valid today as sixty years ago : the realisation that the political fight is not so much a battle of ideas (since the social-democratic model prevails almost everywhere in Europe) as it is a battle of words. Most politicians and journalists have become experts in the manipulation of language. Tony Blair and his close circle of "spin doctors" is an excellent case in point (This will be developed in my next contribution to be published in this magazine in the spring of 2006). The perversion of language pinpointed by Hayek in Chapter Eleven ("the End of Truth"), the fact that the more we preach a concept, the less we practise it ("solidarity" is a glaring instance of that), all this is confirmed by current events in this country and many others.

We could also argue that our infamous "political correctness" is not different from the "Gleichschaltung of all minds" that Hayek considered characteristic of the totalitarian state.

(55) **the ruthless and unscrupulous: les êtres impitoyables et dépourvus de tout scrupule**

(56) **deception : yet another 'false friend'; it means 'la tromperie', 'le fait d'abuser de l'innocence de quelqu'un'**

(57) **Gleichschaltung: a German expression meaning , approximately, agreement of views, of opinions, consensus.**

(58) **topicality : l'actualité, la pertinence actuelle**

(59) **drift : general meaning**

(60) **blatant : obvious, conspicuous**

On the social plane, the recent SNCM conflict is a vivid illustration of what Hayek described as the 'syndicalist or "corporative" organisation of industry' which destroys competition. The policy followed at the state-run ferry operator, where union clout⁶¹ is so huge that the trade unions call the tune⁶², 'puts the consumer at the mercy of the joint [quasi]-monopolist action of capitalists [here, the statist central planners] and workers'. Likewise⁶³, it might be argued that the two industrial conflicts (at SNCM and at RTM) that are plaguing the lives⁶⁴ of the people of Marseilles highlight an incapacity for the State to come to grips with sectarian vested interest⁶⁵ and do justice to the general interest that Hayek would have harshly criticised.

Finally, as regards the continuing debate pitting liberalism against socialism, much of what Hayek claimed sixty years ago still applies to most existing socialist parties in Europe. This is true of the French Socialist Party: a quick look at the five motions the Party members had to choose between on November 9th, 2005, (with the possible exception of the Blairite Bockel motion) lay strong emphasis on the need for higher taxation and an omnipresent State. This merely shows that cen-

tral planning still has staunch supporters who believe in 'a system where it is the will of a few persons that decides who is to get what'. Indeed, taxation is the surest way of controlling the amount of money individuals can dispose of, and therefore, Hayek would add, of controlling their lives since there are 'only economic factors conditioning our striving for other ends'. Heavy taxation mirrors a profound distrust⁶⁶ of individuals and of the fundamental freedoms they should enjoy.

Friedrich August von Hayek (1899-1992) was born over a century ago: that much was true in what Mr Sarkozy said on October 14th. However, I hope I have managed to show that, contrary to our Interior Minister, I do believe that Hayek's contribution to the liberal cause in *The Road to Serfdom* is timeless and invaluable and that we should still heed⁶⁷ his message.

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- (61) **clout : influence, especially political**
- (62) **to call the tune : ici, mener la danse, fixer les règles du jeu**
- (63) **likewise : de la même façon**
- (64) **to plague the life/ lives of someone/people : empoisonner la vie, l'existence de ...**
- (65) **vested interest : avantages**
- (66) **distrust (of) : méfiance, défiance (envers)**
- (67) **to heed : to take account of**

Main published works by F. A. Hayek

- *The Road to Serfdom*, Routledge Classics, London and New York, 2001
 - en version française : *La Route de la Servitude*, coll. Quadrige-Grands Textes (PUF)
 - *The Constitution of Liberty*, University of Chicago Press, 1994
 - *The Fatal Conceit: The Errors of Socialism*, reprint edition, Univ. of Chicago Press, 1991
 - *Law, Legislation and Liberty*, 3 vol., Univ. of Chicago Press, 1978-1981
- All available online from the usual dealers.

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