

The Road to Serfdom Today

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Claire Morgan¹

"....what it means to live in a democratic society accrues as much from coping with threats to democratic ways of life as it does by being intentionally concerned about the constitution and viability of democratic societies. Understanding the vulnerability of democracies is necessary to realizing democratic potentials." Vincent Ostrom²

"When we want to prevent people from killing each other, we are not content to issue a declaration that killing is undesirable, but we give an authority power to prevent it." F.A. Hayek³

As we all know, the primary focus of Hayek's argument in *The Road to Serfdom* (RTS) is socialism: he dedicated the book "to the socialists of all parties." However, many of the readers of it, historically and currently, are liberal democrats, not socialists, and they share Hayek's share concern for the maintenance of liberal democratic orders. This paper will examine what Hayek's comments reveal about liberal democracy, especially its fragility in relation to external threats from proponents of alternative institutional arrangements, such as socialism. From this point of view, what do Hayek's comments on socialism tell us about the robustness of liberal democracy in staving off illiberal forces? Is liberal democracy self-undermining or are some forces simply overpowering? To what extent is liberal democracy equipped to repel such forces when it interacts with them to preserve and sustain itself? What tools are available to liberal democrats to defend and sustain liberal democracy? What does Hayek's "political" book have to say about

¹ I thank Paul Dragos Aligica and Andre Farrant for helpful conversations. All errors are my own.

² *The Meaning of Democracy and the Vulnerability of Democracies*, (Ann Arbor: University of Michigan Press, 1997) p. ix

³ *The Road to Serfdom, (The Definitive Edition)* Ed. Bruce Caldwell (Chicago: University of Chicago Press, 1944, 2007), pp232-233.

such matters? What might be inferred from the criticisms of socialism for the (re-establishment) of a liberal-democratic order?

The fact that Hayek chose to write his book as a warning to the well-intentioned idealists on the left suggests that arguments and exhortations matter. But is this akin to making declarations against killing in the face of killing? (i.e. the killing of liberal democracy.) How do liberal democrats preserve and maintain (or even reestablish) liberal democracy using liberal means--or at the very least, avoid using illiberal and anti-democratic means? Since John Stuart Mill wrote *On Liberty*, liberals have known that liberalism has to be continually argued for and defended if it is to be kept alive.⁴ And Tocqueville noted the subtle practices and habits of the heart that were crucial if Americans were to continue living a democratic way of life. Consequently, to the extent that defending liberal democracy is a perennial issue, (one that is especially acute in times of war,) we should expect that Hayek's arguments in the RTS are as valid today as they were in 1944. In fact, contemporary constitutional political economists James Buchanan and Vincent Ostrom share Hayek's anxieties about the vulnerability of liberal democracy and much of their later work is explicitly devoted to this subject,⁵ extending and developing this aspect of Hayek's work further. What seems to be clear among all three institutional theorists is that culture—shared norms and beliefs--is rather more important than they had initially thought. (At least, more than Hayek and Buchanan thought—they are best known as institutional or constitutional theorists who place emphasis on the rules in society.) Liberal democratic institutions such as the constitution, the free market, and the rule of law are vital to the creation and maintenance of a

⁴ Chapter 2 of *On Liberty* "Of the liberty of thought and discussion." "However unwillingly a person who has a strong opinion may admit the possibility that his opinion may be false, he ought to be moved by the consideration that however true it may be, if it is not fully, frequently, and fearlessly discussed, it will be held as a dead dogma, not a living truth." p.37

⁵ See Ostrom 1997 and James Buchanan, *Why I, Too, Am Not a Conservative* 2005.

liberal democratic order. But, as Tocqueville knew, these will not work properly if they are not supported by commitment to the kinds of values and virtues that will give rise to credible commitments to liberal democratic institutions. Without the right sort of constitutional culture such a regime will decline and die.

The Context for RTS: The “Abuse of Reason Project”

A relatively popular book, written at a particular time, with a specific audience in mind, the RTS is Hayek's best known book and frequently read alone, without the benefit of his later insights concerning liberal constitutions and law. However, scholars of Hayek's thought know that he was a broad-minded thinker who supplemented his theory with the lessons of history so that he could confront real world problems, as well as more purely academic and theoretical ones. So while we know that the argument against socialism is at the heart of TRS, there is more than one way to read his text. If the RTS is viewed within a larger context of his thought, and particularly in light of Hayek's intended studies during the Second World War, together with Hayek's comments clarifying his intentions in the prefaces to later additions of the RTS, we can see that the RTS is, in fact, a work about liberalism, and specifically how liberalism deals with challenges to it.

In his introduction to the RTS, Hayek scholar Bruce Caldwell, explains that in August 1939 after writing *The Pure Theory of Capital* (published in 1941) “Hayek spoke of a new project, one that through the relationship between the study of scientific method and social problems, would provide a systematic investigation of intellectual history and reveal the fundamental principles of social development of the last one hundred years (from Saint Simon to Hitler.) This was to become Hayek's “Abuse of Reason” project, and from it would emerge TRS.”⁶ The “RTS was intended to be the final section of a much larger project, in which Hayek would trace the gradual

⁶ *The Road to Serfdom, The Definitive Edition* Ed. Bruce Caldwell, Introduction, p.9.

decline of liberalism in a number of different countries.”⁷ But Hayek never finished this larger project. It’s not entirely clear why, but partly it seems it is because Hayek became preoccupied with the pressing political-economic concerns of the time, recognizing that the Second World War and the period immediately after it created something of a “constitutional moment.” Liberal democracy had reached a critical juncture when it could either be revived or gradually lose its way, drifting⁸ towards more and more centralization and control, resulting in an outcome that would not even satisfy the proponents of socialism.⁹

As it turned out then, the RTS was not published first and foremost as a work of intellectual history (although it certainly contains a good deal of intellectual history). Rather it is a “political book,” intended to provoke discussion, debate, and reflection, written from the point of view of one who has a commitment to a set of “ultimate values.” On this view, Hayek was not simply touting an angry polemic—“a declaration against killing” in a superficial sense. Rather, he was trying to uphold the very ideals of a liberal democratic order by participating in the practices of it—by discussing, reflecting and choosing the very principles of it.¹⁰ Put differently, we might say that the RTS was a way for Hayek to “speak truth to power.” Hayek says he felt a duty to

⁷ Ibid p.19.

⁸ The book is ambiguous about whether the movement in the direction of socialism is intentional and part of a specific set of policies advocated by left-wing intellectuals and policymakers (a shift) or a kind of mindless drift caused by complacency on the part of citizens. Hayek’s diagnosis seems to contain elements of both.

⁹ Caldwell says that given the political-economic circumstances in 1940, Hayek was concerned not only with what might happen if Hitler won the war, but “also worried about what would transpire if the Allies won.” Ibid, p.11 In addition, reflecting on the reception and impact of the RTS several years later Hayek said he was so discouraged by the criticism he received after the RTS was published, both in Britain and the United States, that he turned his attention to less contentious subjects for a while. See *Hayek on Hayek*.

¹⁰ See Ostrom 1997 and “Postscript. Rethinking institutional analysis and development. Dialogues with Vincent and Elinor Ostrom,” in *Challenging Institutional Analysis and Development. The Bloomington School* (London & New York: Routledge, 2009).

write the book to address the “problems of future economic policy” since much of the public discussion on these matters by other intellectuals was misguided, and the public seemed unaware of their inadequacies. “Only if we understand why and how certain kinds of economic controls tend to paralyze the driving forces of a free society, and which kinds of measures are particularly dangerous in this respect, can we hope that social experimentation will not leads us into situations none of us want.”¹¹ If pursued, socialism would necessarily produce certain sorts of undesirable results. But at the time when Hayek first wrote on this question in 1938 in the article that was eventually to become TRS in 1944 it had not yet been tried in Britain in any systematic way. On the other hand, the war moved the country considerably closer in this direction and culminated in a Labour Party victory in 1945 that brought nationalization and the welfare state. How did this happen? On the face of it, public opinion seemed to support some move to the left. More broadly, however, part of the issue was neglect and complacency. Hayek sought to remind the public of their political-economic and cultural inheritance. He said

the great danger comes from the fact that we take so much of our inheritance of the liberal age for granted--have come to regard it as the inalienable property of our civilization--that we cannot conceive what it would mean if we lost it. Yet freedom and democracy are not free gifts which will remain with us if we only wish. The time seems to have come when it is once again necessary to become fully conscious of the conditions which make them possible, and to defend these conditions even if they seem to block the path to the achievement of other ideals.¹²

The “other ideals” were what people on the left considered to be extensions of freedom beyond basic political and economic liberties, such as “emancipation” and “the extension of human personality.” Hayek viewed them as misguided moves away from freedom. As such, the problem Hayek was confronting concerned both socialism and liberal democracy.

¹¹ RTS “Foreword to the 1956 American Paperback Edition.”p.45

¹² “Freedom and the Economic System” (1938) in *Socialism and War* p.188.

What exactly are the “ultimate principles” to which Hayek is committed? Obviously, by liberalism Hayek meant classical liberalism—limited government and free markets-- rather than modern liberalism or progressivism. Throughout his work certain themes appear continually, especially free choice and competition, the rule of law and private property. But in relation to the discussions of liberal democracy in the TRS Hayek sounds very much like Tocqueville¹³ and the Adam Smith of *The Theory of Moral Sentiments*, emphasizing the relationship between individual responsibility, self government, and the political-economic order. Like Tocqueville, he describes individualism as “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 gifts and bents.” And like Smith, Hayek notes the role of the market in fashioning individuals with a degree of autonomy and independence. He notes “the gradual transformation of a rigidly organized 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.”¹⁴ The capacity for reasoning and judgment that are so critical to liberal democracy were to be learned as individuals exercised their own choices as they managed their day to day affairs in civil society. Again we see the Tocquevillian flavor of what is lost when socialism supersedes democracy. Hayek talks of democracy as self government in connection with the goals for post-war reconstruction. He says:

We shall not rebuild civilization on the large scale. It is no accident that on the whole there was more beauty and decency to be found in the life of the small peoples, and that among the large ones there was more happiness and content in proportion as they has avoided the blight of centralization. Least of all we shall preserve democracy or foster its

¹³ The title of the book is adapted from Tocqueville’s phrase “the road to servitude.”

¹⁴ Ibid p.69

growth if all the power and most important decisions rest with an organization far too big for the common man to survey or comprehend. Nowhere has democracy ever worked well without a great measure of local self-government, providing a school of political training for the people at large as much as for their future leaders. It is only where responsibility can be learned and practiced in affairs with which most people are familiar, where it is the awareness of one's neighbor rather than some theoretical knowledge of the needs of other people which guides action that the ordinary man can take a real part in public affairs because they concern the world he knows. Where the scope of the political measures becomes so large that the necessary knowledge is almost exclusively possessed by the bureaucracy, the creative impulses of the private person must flag.¹⁵

Evidently, the message of the RTS is that it is not sufficient merely to identify the features of liberal democracy, but it also requires the adoption of a certain sort of attitude or perspective to public life. The point is that preserving, reestablishing and sustaining a liberal democratic order takes a good deal of hard work, patience and persistence. Hayek says “The attitude of the liberal toward society is like that of the gardener who tends a plant and, in order to create the conditions most favorable to its growth, must know as much as possible about its structure and the way it functions.”¹⁶ Thus, there is an element of cultivation that is important to the establishment and maintenance of liberal democracy, but also a need to seek knowledge and to understand society, which is precisely the spirit within which the RTS was written. Freedom and self government require belief and striving.

Problems arise when we fail to value the achievements of liberal democracy, including relative degrees of freedom, prosperity, and peace. We think we can always go a little bit further, to extend and perfect our freedom. But one of the things Hayek tries to remind us about is that there

¹⁵ RTS, p234.

¹⁶ Ibid p.71. cf Vincent Ostrom: “What it means to live in a democratic society is much more demanding than electing representatives who form governments. Not only are democratic societies constructed around the essential place of citizens in those societies, but they cannot be maintained without knowledge, moral integrity, skill, and intelligibility of citizens in the cultivation of those societies.” *The Meaning of Democracy* p.3.

are limits to what we can expect from liberal democracy. All good things are not available to us. There are trade-offs, and we need to be fully aware of the sacrifices we will make if we try to go too far.

...while the progress toward what is commonly called “positive” action was necessarily slow, and while for 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 common progress—a progress which came to be taken more and more for granted and was no longer recognized 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.¹⁷

Eternal vigilance is, of course, one of the primary conditions for the preservation of liberal democracy. However, what is most troubling about encroachments on liberty are the more fundamental cultural and psychological shifts that accompany policies that crowd out individual responsibility and self reliance:

Of course, six years of socialist government in England have not produced anything resembling a totalitarian state. But those who argue that this has disproved the thesis of *The Road to Serfdom* have really missed one of its main points: that the most important change which extensive government control produces is psychological change, an alteration in the character of the people. This is necessarily a slow affair, a process which extends not over a few years but perhaps over one or two generations. The important point is that the political ideals of a people and its attitude towards authority are as much the effect as the cause of the political institutions under which it lives. This means, among other things, that 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. The consequences can of course be averted if that spirit reasserts itself in time and the people not only throw out the party which has been leading them further and further in the dangerous direction but also recognize the nature of the danger and

¹⁷ RTS p.71.

resolutely change their course. There is not yet much ground to believe that the latter has happened in England.¹⁸

The question is can citizens and leaders in liberal democratic societies be expected to defend and promote liberalism and democracy if they have suffered such a psychological transformation? Hayek mentions that it is possible for the spirit supporting the system to “reassert itself” (spontaneously?) but is this really much more than wishful thinking? Perhaps Hayek has a naturalistic view that all that is required is to remove the institutions of socialism and liberty and democracy will flourish once more. But this probably underestimates the difficulty of reestablishing freedom and democracy. Certainly Ostrom and Buchanan are extremely doubtful in this regard and it would seem likely that something more is required, but here, at least, Hayek does not tell us what that something is. In the end it is an empirical question and probably hinges on the degree to which society has veered away from its “ultimate values.” Nonetheless it raises a tension that exists throughout Hayek’s thought—how spontaneous is the “spontaneous order”? At times it sounds like Hayek believes all that is necessary for a liberal order to establish itself is the removal of certain barriers. On the other hand, as suggested above, a fair degree of intentional thought and action is required to establish and maintain the culture and institutions that make up a liberal democratic order, not to mention to defend it from hostile attacks.

Prognosis

What is Hayek’s assessment of prospects for recovery from these threats to liberal democracy? It seems evident that while the overall tone of the book is fairly strident and urgent, in 1944 when the book was first published Hayek believed that liberal democracy had a chance to save itself so

¹⁸ Ibid, p.48. Cf. James Buchanan, “Afraid to be free: Dependency as desideratum,” *Public Choice* (2005) pp.19-31.

long as the citizens and political leaders of the country paid attention to the dangers he predicted if the path of socialism was pursued and worked hard to avert them. Hayek was not daunted. At the very end of the book he states that "if in the first attempt to create a world of free men we have failed, we must try again. The guiding principle that a policy of freedom for the individual is the only true progressive policy remains as true today as it was in the nineteenth century."¹⁹ However, by 1956, echoing Tocqueville, Hayek saw a kind of creeping paternalism and the undermining of the rule of law by the administrative bureaucracy, and he seems less convinced, if not altogether despondent, as the comment above about the erosion of liberal culture and psychology indicate. The publication of *The Constitution of Liberty* in 1960 and the three volumes of *Law, Legislation and Liberty* throughout the 1970s suggest that Hayek still believed that there was need to help others understand the features, value and practices of a liberal democratic order, and provide intellectual ammunition for its defense.²⁰

Of course times of crisis, such as war or recessions are not altogether unalloyed evils. As many theorists of social change recognize, crises are also opportunities for reconsidering our foundational principles and recommitting ourselves to them. But they reveal the need for eternal vigilance due to the vulnerability of liberal democracy. Describing the end of full blown socialism and its replacement by bureaucratic administration or regulation Hayek says:

“...in Britain, as elsewhere in the world, the defeat of the onslaught of systematic socialism has merely given those who are anxious to preserve freedom a breathing space in which to re-examine our ambitions and to discard all those parts of the socialist

¹⁹ RTS p.238.

²⁰ It should be noted that writing the RTS was only one tactic in a broader strategy advanced by Hayek throughout his career to protect and defend liberalism. Others included urging leaders to invest in classical liberal students and academics in the academy to influence the climate opinion, the establishment of the Mont Pelerin Society and his involvement with the Institute of Economic Affairs.

inheritance which are a danger to a free society. Without such a revised conception of our social aims, we are likely to continue to drift in the same direction in which outright socialism would merely have carried us a little faster.”²¹

Although we are no longer faced with the prospect of full blown (or “hot”) socialism of the sort Hayek confronted in 1944, there is no doubt that regulation, administration, and redistribution are still very much part of the current political-economic agenda. The lessons that we need to take from Hayek and his descendents are that there will always be threats to liberal democracy. Understanding those threats very carefully and then dealing with them are one of the chief functions its proponents must undertake to ensure the mere survival of liberal democracy, alongside continual promotion its benefits, including freedom and self government.

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²¹ RTS p.52.

