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Source: *The American Economic Review*, May, 1985, Vol. 75, No. 2, Papers and Proceedings of the Ninety-Seventh Annual Meeting of the American Economic Association (May, 1985), pp. 127-132

Published by: American Economic Association

Stable URL: <https://www.jstor.org/stable/1805583>

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The Economic Thought of George Orwell

By JENNIFER ROBACK*

Despite the volumes that have been written about George Orwell during this past year of 1984, virtually no one has commented on the economic assumptions implicit in his work. Yet understanding the economics in Orwell's vision of hell is necessary if we are to fully appreciate the horror of that vision. Orwell believed that socialism led to totalitarianism; indeed, that is the chief message of Orwell's 1949 classic. But he also believed that capitalism led to breadlines and poverty. This combination of beliefs led him to that profoundly disturbing view he described so vividly in *1984*.

But probably the most remarkable aspect of Orwell's economic thought is that he said so little explicitly on the subject. He wrote literally volumes of social and political commentary, with an economic worldview implicit in every line. Yet, explicit discussion of economics is limited to a few pages in *1984* and offhand comments scattered throughout his book reviews and essays. The statements that he did make suggest that his economic ideas were obviously influenced by Marxist theory, but were not revolutionary. That is, his views were quite conventional for his time.

His views about technology are quite another matter. Orwell was not opposed to or in favor of technology per se. His primary concern was over who would control technology. Would new technologies be widely available for personal use or would they be centrally controlled? In this area Orwell was a decentralist, radical for his time and for ours.

I. Orwell's Economics

The first thing to be said about Orwell the economist is that he was a socialist. He be-

lieved that income inequality was an inherent feature of capitalism, and this was his primary motivation for becoming a socialist. "I became pro-Socialist more out of disgust with the way the poorer section of the industrial workers were oppressed and neglected than out of any theoretical admiration for a planned society."¹

Orwell believed that overproduction was a necessary feature of industrial capitalism. This creates a surplus of goods which workers would not be able to afford and which capitalists could not consume. This in turn requires either some means of disposing of the surplus production or a periodic crash of the economic system.

Ever since the end of the nineteenth century, the problem of what to do with the surplus of consumption goods has been latent in industrial society. ... [D]uring the final phase of capitalism roughly between 1920 and 1940[,] [t]he economy of many countries was allowed to stagnate, land went out of cultivation, capital equipment was not added to, great blocks of the population were prevented from working and kept half alive by State charity... the problem was how to keep the wheels of industry turning without increasing the real wealth of the world. Goods must be produced, but they need not be distributed.²

Orwell also believed that capitalism had strong tendencies toward monopoly and increased concentration. This exacerbates the overproduction problem. Capital becomes

¹See, Sonia Orwell and Ian Argus, *The Collected Essays*, ..., Vol. III, p. 403. All quotations in the text are from the *Essays* unless otherwise noted.

²Orwell (1983, pp. 155-57). This passage comes from the "forbidden book" of Emmanuel Goldstein. In the context of the story, The Book is clearly speaking for Orwell when it describes the capitalist system that formerly existed in Oceania.

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concentrated in fewer and fewer hands, hence the output is owned by a smaller number of people, who are less likely to be able to consume all of it: "The notion that industrialism must end in monopoly, and that monopoly must imply tyranny, is not a startling one" (*Essays*, Vol. IV, p. 163).

These ideas, overproduction and periodic crashes, the tendency toward monopoly, and income inequality are traditional socialist concerns. And on the basis of these beliefs and concerns, Orwell was a socialist. This general worldview was widely held by British intellectuals of Orwell's time. Indeed, the period after World War I was one of the highwater marks for socialism, both in Britain and in the United States. It is in this sense that Orwell's economic views can be described as quite conventional for his time.

However, Orwell was no ordinary socialist, once we look beyond his economics. In particular, Orwell was not a utopian socialist, as were so many of his contemporaries. He believed that socialism had strong tendencies toward centralization and that centralization in turn had strong tendencies toward totalitarianism.

This view was based on two things. The first was Orwell's observation that the Soviet Union, on which so many English socialists placed their hopes, was unmistakably totalitarian. Orwell expressed this opinion on many occasions and in many ways.

Since 1930 I had seen little evidence that the USSR was progressing towards anything that one could truly call Socialism. On the contrary, I was struck by clear signs of its transformation into a hierarchical society, in which the rulers have no more reason to give up their power than any other ruling class.

[*Essays*, Vol. III, p. 405]

Orwell was disgusted with English socialists, because they failed to point out the tyranny which existed in the Soviet Union. In fact, they seemed to him to feel obligated to defend every Soviet action. In Orwell's opinion, these Soviet apologetics were destroying the chances of true socialism ever being established in Great Britain.

It was only *after* the Soviet regime became unmistakably totalitarian that English intellectuals, in large numbers, began to show an interest in it.

[*Essays*, Vol. IV, p. 179]

[N]othing has contributed so much to the corruption of the original idea of Socialism as the belief that Russian is a Socialist country and that every act of its rulers must be excused, if not imitated.

And so for the past ten years I have been convinced that the destruction of the Soviet myth was essential if we wanted a revival of the Socialist movement.

[*Essays*, Vol. III, p. 405]

The other factor which led Orwell to worry about socialist totalitarianism is the obvious fact that central economic planning requires someone to have the power to make and enforce the central economic plan. That person or group of people will have enormous power over their fellow citizens. Such power can be used for vicious political ends, as in Stalin's Russian or in Orwell's Oceania, as well as for the benevolent purposes of economic planning: "[I]t has always been obvious that a planned and centralised society is liable to develop into an oligarchy or a dictatorship" (*Essays*, Vol. IV, p. 163). And Orwell did believe that economic planning was a central feature of the more efficient and just economic system that he envisioned and called socialism.

So Orwell thought that capitalism was unjust and inefficient, but that socialism, the best alternative he could come up with, would lead toward totalitarianism. He expresses this view most starkly in his book review of Frederick von Hayek's *The Road to Serfdom*: "Capitalism leads to dole queues, the scramble for markets, and war. Collectivism leads to concentration camps, leader worship, and war" (*Essays*, Vol. III, p. 119).

Thus Orwell's view of society's future was far more pessimistic than those of his contemporaries, and at a much deeper level. He sees no solution to the dilemma. Although this troubled him greatly, it did not seem to lead him to reexamine either his view of capitalism or of socialism. In economists'

jargon, no equilibrium existed in Orwell's model of the world. Capitalism was unstable in one direction while socialism was unstable in another. Orwell never saw a way out and spent a lifetime living with the belief that civilization was on its last legs. "When one considers how things have gone since 1930 or thereabouts, it is not easy to believe in the survival of civilisation" (*Essays*, Vol. IV, p. 248).

II. Orwell's Views on Technology

Orwell's views on socialism and totalitarianism didn't win him many friends among intellectuals of his era. His views on technology probably wouldn't win him many friends today, and would probably surprise the many commentators who have claimed that *1984* is an attack on technology.³ One of Orwell's prime beliefs was that machines have both increased the standard of living of the average man and have relieved him from all sorts of menial drudgery:

From the moment when the machine first made its appearance it was clear to all thinking people that the need for human drudgery, and therefore to a great extent for human inequality, had disappeared. . . . And in fact, . . . the machine did raise the living standards of the average human being very greatly over a period of about fifty years at the end of the nineteenth and the beginning of the twentieth centuries.

[*1984*, p. 156]

Thus, Orwell, like many other socialists of his day,⁴ thought that improved technology provided the means for ever increasing standards of living.

Surely his most startling view on technology is that all technology should be widely available to the ordinary citizen and not controlled by a central government authority. In a remarkable article called "You and

the Atom Bomb," written in 1945, he applies this line of reasoning even to atomic weapons.

Some months ago, when the bomb was still only a rumour, there was a widespread belief that splitting the atom was merely a problem for the physicists, and that when they had solved it a new and devastating weapon would be within reach of almost everybody. (At any moment, so the rumour went, some lonely lunatic in a laboratory might blow civilisation to smithereens, as easily as touching off a firework.)

Had that been true, the whole trend of history would have been abruptly altered. The distinction between great states and small states would have been wiped out, and the power of the State over the individual would have been greatly weakened. . . .

... [T]hough I have no doubt exceptions can be brought forward, I think the following rule would be found generally true: that in ages in which the dominant weapon is cheap and simple, the common people will have a chance. . . .

Had the atomic bomb turned out to be something as cheap and easily manufactured as a bicycle or an alarm clock, it might well have plunged us back into barbarism, but it might, on the other hand, have meant the end of national sovereignty and of the highly-centralised police state.

[*Essays*, Vol. IV, pp. 7-9]

One can't help wondering what Orwell would have thought about gun control ordinances.

Thus, much of the commentary about Orwell this past year has simply been wrong. The book *1984* is not about television screens and computers, as we have so often been told; it is a book about totalitarianism and socialism. It is a book, not so much written as a prophecy, but as an alarm bell, rung by a man who hardly dared to hope that anyone would answer it. *1984* is a book born of a profoundly pessimistic worldview. I now turn to the world in which Orwell lived and which created this worldview.

³See, for example, the essays in Irving Howe (1983).

⁴Oscar Wilde, for example, held this view even more strongly than Orwell. See Orwell's review of *The Soul of Man under Socialism* in *Essays*, Vol. IV., pp. 426-28.

III. Orwell's Era and Its Mood

Orwell was born in England in 1903 and died in 1950. He lived through one of the most calamitous periods of modern history. As a teenager, he saw World War I; as a young man, he lived through the depression; and in his prime, he experienced World War II. He saw the rise of Bolshevism in Russia; he watched as the promise of communism was betrayed by Stalin. He observed Hitler and the rise of facism in Europe. He personally fought in the Spanish Civil War against the fascism of Franco. While he was there, he saw how the Soviet-backed Communists fought their anarchist and socialist allies as much as they did their fascist opponents. He foresaw the fall of Spain to fascism (see Orwell, 1980).

The early twentieth century, then, was an era of despair. The generation that fought World War I was often described as the "Lost Generation," partly because so few of them returned, and partly because those who did return were so broken in spirit. Indeed, World War I was widely regarded as the end of civilization. Orwell some years later captured this mood when he wrote:

Many people have remarked nostalgically on the fact that before 1914 you could travel to any country in the world, except perhaps Russia, without a passport. ... Clearly, that is not the kind of social atmosphere that we shall ever see again, and when Sir Osbert Sitwell writes of "before 1914" with open regret, his emotion can hardly be called reactionary. [*Essays*, Vol. IV, p. 443]

Even if the war was not the end of civilization, it certainly was the death knell of classical liberalism, and its optimistic notions of economic freedom and limited government. The Great War was widely regarded as a failure of classical liberalism, and only partly because the Liberal Party was in power when England entered the war. The mere fact of the war itself cast serious doubt on the classical liberal view that free trade and free migration were sufficient to preserve world peace. This view had been a cardinal

tenet of British liberalism in the nineteenth century.

If the Great War was a severe blow to classical liberal politics, the Great Depression was an even more severe blow to classical liberal economics. It was widely believed that the depression was the result of massive market failure, and that the *laissez-faire* policies of the liberals were obsolete. But abandoning liberal economic policies also meant abandoning much of the optimism of liberalism. The idea of an Invisible Hand is itself profoundly optimistic. It says that the common good is being served, even when it is not apparent how. Orwell himself recognized the optimism of the liberals in the following passage: "[T]he Left has inherited from Liberalism certain distinctly questionable beliefs, such as the belief that the truth will prevail and persecution defeats itself, or that man is naturally good and is only corrupted by his environment" (*Essays*, Vol. IV, p. 410).

But all of these notions of economic liberalism went decidedly out of fashion during the early years of Orwell's life. To be sure, socialist arguments against liberalism had been around for some time. But by the middle of Orwell's life, the socialists dominated both the intellectual life and the policymaking process in Great Britain.

This is the sense in which Orwell was truly a child of his era. He shared the pessimism of the Lost Generation. Like his contemporaries, he took for granted that capitalism was dead. This explains the almost offhand nature of many of his comments about economics. "Everyone knew" that capitalism was dead. A detailed defense of that position was not necessary. What was necessary was to find alternatives, no matter how radical, to capitalism. Many people believed that "the Soviet Experiment" was that alternative. But, as we have seen, Orwell had serious reservations about that road to socialism.

IV. Flaws in Orwell's Economic Vision

It is easy to see how Orwell came to believe that capitalism leads to breadlines and socialism leads to totalitarianism. Both of these ideas seemed to be borne out by ob-

servation of his immediate world. The problem with Orwell's economic analysis is that he accepted the interpretation of the Great Depression that was standard at his time, but which has since undergone serious revision. He also had no understanding of the difficulties of scientific socialism, again a problem which has been widely discussed since his time.

In Orwell's time, the Great Depression was widely regarded as proof of the instability of *laissez-faire* policies. Indeed, this interpretation gave rise to the Keynesian Revolution which prescribed more active intervention by the central government into the management of the economy. But this view has been widely challenged in the intervening years. Milton Friedman and Anna Schwartz's critique (1963) of activist policy included a reinterpretation of the causes of the Great Depression. His view is that, far from being a failure of *laissez-faire*, the depression was a failure of intervention by the Federal Reserve. Now this view is not universally accepted, but then again, neither is the old view universally accepted. Today at least there is some challenge or alternative to the view which Orwell and his contemporaries took for granted. One must at least consider the possibility that ill-conceived intervention contributed to the depression.

But it would be asking a great deal of Orwell to expect him to anticipate this neo-classical critique. A greater failure is that he had no understanding of the difficulties of "scientific socialism," as it was called. A great debate raged during the 1920's and 1930's on the possibility of industrial socialism.⁵ One school of thought, led by Oskar Lange and Abba Lerner, argued that central planning could be done efficiently, provided that the planners used marginal cost shadow pricing to simulate market pricing. The op-

posing school of thought, led by Ludwig von Mises and the Austrians, argued that the advocates of marginal cost pricing were overlooking the essential difficulty of central planning. The Austrians argued that in the absence of a market process, there is no reliable way to discover marginal costs and efficient levels of output and efficient methods of production. For a review of this debate, see Trygve Hoff (1981).

This criticism has been repeated in many forms for many problems. Economists often criticize both "industrial policy" and "comparable worth" on these grounds. How can government industrial policy choose the potential "winners and losers" in the world marketplace in the absence of the actual competitive process? How can the judiciary determine jobs of comparable value without reference to market wages? The fact that these proposals continue to emerge and that some economists support them demonstrates that opinion on these matters is by no means uniform, even among economists. However, it is naive to assume, as Orwell seems to have, that planning an economy is a straightforward extension of the exercise of planning a family shopping list. He seems to have thought that if one activity requires planning in order to be successful, then surely the other does as well.

The essential missing link in Orwell's understanding of economics is that he had no notion of the price system as a coordination mechanism. Price changes convey information to all of the diverse economic agents, and this information allows them to coordinate their plans. And based on this minimal information, the agents make their own plans, and take their own actions. The adjustments of the price system make it possible for all of those plans to be coordinated. This is the basic meaning of the concept of equilibrium. That is why central planning is not simply individual planning on a larger scale. The central planner must coordinate the plans of the many individuals, a job which the market economy leaves to the Invisible Hand.

Orwell seemed to have no appreciation of the magnitude of the coordination problem that the price system attempts to solve. In short, Orwell had no notion of what is

⁵ The following passage suggests that Orwell had some knowledge of this debate: "I am well aware that it is now the fashion to deny that Socialism has anything to do with equality. In every country in the world a huge tribe of party-hacks and sleek little professors are busy 'proving' that Socialism means no more than a planned state-capitalism with the grabmotive left intact" (1980, p. 104).

sometimes called spontaneous order in economics. If there is no explicit planner, there must be no plan. And without a plan, there must be no order.

V. Conclusion

These then are the economic ideas which led Orwell to believe that capitalism was doomed: a particular interpretation of the Great Depression, and no concept of spontaneous order or market process. It is interesting to speculate about how Orwell's thought might have developed had he not died prematurely in 1950 at the age of 47. Had he observed the problems of British socialism and of the major centrally planned economies, he may have revised his estimate of the ease and desirability of central economic planning. He had always had a distinct mistrust of the central political power inherent in socialism. Perhaps if he had observed some of the economic difficulties of socialism, he may have rejected it outright, rather than trying to reform it. Of course, he may have just hated socialism along with capitalism. If so, this would have added to the profound

pessimism which he felt during all of his short life. He expressed it rather poetically in a letter to his friend Arthur Koestler in the spring of 1946, "Each winter I find it harder and harder to believe that spring will actually come" (*Essays*, Vol. IV, p. 127).

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