The Road to Confusion

The Road to Serfdom. By Friedrich A. Hayek. Chicago: University of Chicago Press, 250 pp., $2.75.

This plea for freedom of the individual examines critically the bases of socialism and economic planning. F. A. Hayek, the Austrian economist, observed "social security," "full employment" and "planning" in Germany, in Russia, in Italy and on the Danube. In sober, logical style he undertakes to trace a connection between these shibboleths and the terror of the modern world. He sees as resulting inevitably from steps taken by England and the United States to plan security through government intervention some of the conditions he lived through in Europe.

Professor Hayek demonstrates that National Socialism and Fascism are resulted inevitably from State planning and State control in Germany and Italy. He compares collectivism with freedom of individual choice regulated by the principle of competition and finds in this principle a more productive and just form of association. Either competition or planning must win, he believes; there is no feasible "middle way."

"Our generation," says Professor Hayek, "has forgotten that the system of private property is the most important guaranty of freedom." On the other hand, the private seekers after monopolies have sought to perfect them through government grants. In the United States a highly protectionist policy aided the growth of monopolies. In Germany the growth of cartels has been systematically fostered by deliberate policy since 1878. This movement is not inevitable, of course, and when agreements are invalidated and protection abolished, competitive conditions can be restored.

Professor Hayek suggests the rule of law as one check on the descent into serfdom. Under the rule of law the individual knows in advance what he may and may not do, and is free to seek his personal ends, certain that the government will not be used deliberately to frustrate his efforts. This is one of the valuable suggestions in the book.

The book is being touted as a frontal attack on the trend toward collectivism. Alas, how feeble is the effort! Professor Hayek's criticism of the Marxists and their ilk suffers fundamentally from his failure to understand that the trouble with our economic system is precisely what Marx said it was, the private appropriation of land and other natural resources. It is this that set us on the road to serfdom, and the collectivism he deplores is its inevitable outcome. Failing to understand this, he also cannot understand why the insecure worker rejects the system he upholds, with its private and anti-social monopoly of raw materials, sources, of sites, of patents, of products, of skilled-job situations, of markets and what-not. This is reactionary, not progressive capitalism, and the intelligent person demands the latter, not the former.

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