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Friedrich A. Hayek: The Road to Serfdom Condensed Version Study Guide, 2009

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FRIEDRICH A. HAYEK: THE ROAD TO SERFDOM

CONDENSED VERSION

STUDY GUIDE, 2009

Steven Alan Samson

www.jim.com/hayek.htm (Reader's Digest condensed version)

www.mises.org/TRTS.htm (cartoon version)

Outline

- A. INTRODUCTION
 - 1. Forces That Destroyed Freedom
 - 2. Magnitude of the Outrages
 - 3. Symptoms: veneration for the state, fatalism, enthusiasm for planning everything
 - 4. Role of People of Good Will
 - a. **Socialist** beginnings
 - 5. High Ideals
- B. PLANNING AND POWER
 - 1. Power over Men
 - 2. Concentration of Power in the Service of a Plan
 - a. Amount of power created: a difference of kind [a degree of quantitative difference that becomes qualitative]
 - 3. Power Exercised by a Central Planning Board
 - 4. Relative Freedom of a Badly Paid Unskilled Worker
 - 5. **Private Property**: Most Important Guarantee of Freedom
 - a. Divided control of the means of production
 - b. Private economic power can still be an instrument of coercion
 - c. Danger of **dependency**
- C. BACKGROUND TO DANGER
 - 1. **Individualism**
 - 2. Growth of Science
 - a. Necessity of taking risks [**entrepreneurship**]
 - b. Goal: **satisfying desire**
 - 3. Sense of Unbounded Possibilities
 - a. Illusion that the achievements of the Western World (material comfort, security, personal independence) were permanent [J. S. Mill thought that Christianity morality was one such]
 - b. Principles of liberalism came to be seen as obstacles to speedier progress [cf. Garet Garrett, "The Revolution Was;" "The Goose That Laid the Golden Egg"]
 - c. The success of liberalism became the cause of its decline
 - 4. Economic Principles of the Nineteenth Century
 - a. **Spontaneous order** vs. planning: The decision was made to dispense with spontaneous forces and replace them by collective and "conscious" direction
 - 5. Abandonment of Liberalism
 - a. Germany
 - 6. **Socialist Innovations** Were Adopted by Later **Fascists**
 - a. All-embracing political party
 - b. Children's organizations
 - c. Party clubs
 - d. Modes of greeting and forms of address [Citizen, Comrade]
 - e. "Cells" for supervision of private life
 - 7. Socialism Had Killed Democracy by the Time Hitler Came to Power
 - 8. Danger of **Democratic Socialism**

9. Conservative Socialism
- D. THE LIBERAL WAY OF PLANNING
 1. The Dispute between Planners and Liberals
 - a. Individual initiative vs. collective blueprint
 2. Opposition to Such Blueprints Is Not Dogmatic *Laissez Faire*
 3. Competition
 - a. It dispenses with the need for “conscious social control”
 4. Legitimate Government Interference
 - a. Resorting to direct regulation does not require the suppression of competition
 5. There Is No **Middle Way** [Marquis Childs wrote *Sweden: The Middle Way* in the 1930s]
 - a. Incompatibility between competition and central direction
 6. Planning for Competition
- E. THE GREAT UTOPIA
 1. Socialism Is the Gravest Threat to Freedom
 2. Authoritarian Origins of Socialism
 - a. **Henri de Saint-Simon**
 3. **Tocqueville’s** Critique
 - a. Promise of a “New Freedom” [cf. FDR’s Four Freedoms]
 4. Subtle Change in the Meaning of Freedom
 - a. Freedom from necessity becomes a new name for power or wealth: “another name for the old demand for a redistribution of wealth”
 5. False Hope for Substantially Larger Output
 6. Unforeseen Consequences of Socialism
 - a. Peter Drucker
 - b. Fascism is the stage that is reached after communism has proved an illusion
 7. Intellectual Outlook of the Rank and File
 - a. Hatred of the heretic
 8. High Road to Servitude
 - a. Vague “General welfare” purpose
 - b. **No agreement on ends**
 - c. Unwelcome consequences [This is the reality of the “general will”]
 9. Democratic Assemblies Cannot Function As Planning Agencies
 10. Comparison with Planning a Military Campaign
 - a. Cry for an Economic Dictator [We use terms like “energy czar”]
 11. Legislative Bodies Reduced to Selecting Dictators
 - a. Nominal election but self-perpetuation of the government
 12. Dictatorship Required for Large-Scale Central Planning
 - a. Arbitrary power
 - b. Power must be limited if it is not to be arbitrary
 13. Supremacy of One Single Purpose
 - a. Sacrifices of freedom in wartime do not justify permanent sacrifice
 14. Realization of the Socialist Program Means the Destruction of Freedom
 - a. Democratic socialism is not achievable
- F. **WHY THE WORST GET ON TOP**
 1. Differences of National Models
 - a. Eventually the Worst Features of Totalitarianism Will Emerge
 2. Success of the Unscrupulous
 3. Need for a Group of Thugs
 - a. Old socialist parties lacked ruthlessness
 - b. Why fascists succeeded
 - 1) Socialists refused to take the responsibility for government and wholeheartedly use the methods to which they pointed the way
 - 2) Others learned the lesson that in a planned society the question is not “on what a majority of the people agree but what the largest single group is whose members agree sufficiently to make **unified direction** of all affairs possible.”

4. Why This Group Must Be Formed by the Worst Elements in Society
 - a. A high degree of uniformity in outlook requires an **appeal to primitive instincts**
 - b. The group must enlarge itself through converts (**Recruitment**)
 - 1) "He must gain the support of the docile and gullible, who have no convictions of their own but are willing to accept a ready-made system of values if it is only drummed into their heads sufficiently loudly and frequently." [cf. the concept of "**Groupthink**"]
 - c. Appeal to a common human weakness: **hatred and envy (Scapegoating and the Complicity of co-conspirators that it entails)**
 5. Advancement within a Totalitarian Group or Party
 - a. Willingness to do immoral things [cf. Stalin]
 6. Individual Regarded as a Means to an End [cf. "Spengler" on pagan religion]
 7. Special Opportunities for the Ruthless and Unscrupulous
 - a. Frank H. Knight
 8. Collectivism Means the End of Truth [Hayek later explored the sociology of knowledge]
 9. Making People Accept the Validity of New Values
 - a. Complete **perversion of language** [cf. Zach. Montgomery]
 10. True Liberty Has Been Destroyed
 - a. "collective freedom"
 - b. Freedom confused with power
 11. Public Criticism Silenced
 - a. Beatrice and Sidney Webb
 12. Thought Control
 - a. Theory of relativity
 - b. Chess players exhorted
 - c. Destruction of reason
 13. Traditional Anglo-Saxon Virtues
 - a. Collectivism is progressively destroying them
- G. PLANNING VS. THE RULE OF LAW
1. Rule of Law
 - a. Need for foresight
 2. Socialist Economic Planning
 3. Balancing Interests
 4. Difference Between the Two Kinds of Rules
 5. Government Cannot Be Impartial
 - a. State ceases to be a piece of utilitarian machinery
 6. Equality Before the Law
 7. Legalization of arbitrary action
- H. IS PLANNING INEVITABLE?
1. Competition Necessary for Coordination
 2. Complexity
 - a. Changing conditions of demand and supply
 3. Role of Entrepreneurs
 4. Method of Central Direction Is Clumsy, Primitive, and Limited
 5. Growth of Monopoly
 6. Aspiring Monopolists See the Assistance of the State
 7. Role of Organized Capital and Organized Labor
 - a. Deliberate collaboration
- I. CAN PLANNING FREE US FROM CARE?
1. Argument for Economic Dictator
 - a. Freedom to pursue higher values
 2. Appeal to Ideals
 3. Economic Motive Is Really the Desire for General Opportunity
 4. Hatred of Money Is a Symbol of Restrictions Imposed by Poverty
 - a. Money is an instrument of freedom
 5. "Noneconomic Incentives"

6. **Dependency**
 - a. Direction of almost the whole of our life
 7. Basis of Freedom of Choice
 - a. We are at the monopolist's mercy
 - b. Forced choices
 - c. Control over our working lives
 8. What Makes Conditions Bearable
 9. Controls and Restrictions
 10. Prices and Choices
 11. Wishful Delusion That There Is No Longer an Economic Problem
 12. What Principles Will Guide **Wealth Distribution**
 - a. Absolute equality of all individuals
 - b. This formula answers practically no questions
 13. Freedom of Economic Activity
- J. TWO KINDS OF SECURITY
1. Independence of Mind or Strength of Character: Where It Is Lacking
 2. Two Kinds of Security: **Minimal vs. Relative**
 3. System of Social Insurance
 4. Protecting Relative Security
 5. Exclusionary Practices and Unemployment
 6. Hopelessness of Those Outside Sheltered Occupations
 - a. Regulation of competition
 - b. Precariousness
 7. Special Privileges
 - a. Fixed portions and fluctuation of what remains
 8. Achieving Security by Restrictive Measures
 - a. Risk-taking made disreputable
 9. Attitudes of the Younger Generation
 10. Anticapitalist Propaganda
 11. Organization: Commercial vs. Military
 12. Safety vs. Liberty
 - a. Benjamin Franklin
- K. TOWARD A BETTER WORLD
1. New Start
 2. Courage
 3. Guiding Principle

Review

socialism	private property	dependency
individualism	satisfying desire	socialist innovations
fascists	democratic socialism	Henri de Saint-Simon
Alexis de Tocqueville	high road to serfdom	why the worst get on top
appeal to primitive instincts	hatred and envy	perversion of language
dependency	wealth distribution	two kinds of security