

# Summary of 'the road to serfdom'



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In the first chapter of Hayek's book Germany and Russia are supposedly headed down "the road to serfdom." Hayek believed that from a government perspective they intended on heading down this road. What had started out as a common idea to help support the wealth of the nations had developed into a complete takeover by the government leaving no individual freedoms for the citizens of the country. This of course did not just happen overnight, this was more of a domino effect that eventually led to this devastating outcome. The citizens of these countries were not even aware that their freedoms were in jeopardy by the same totalitarian ideals they had supported "1". There were warning signs given by philosophers but the people failed to understand what was really happening and chose to ignore what they had been told of socialist and totalitarian governments.

Even though the attempts of the people of these countries to reform the government and allow for a more prosperous society had eventually failed, in the beginning these ideas worked. The social policies, brought on by more liberal ideas, had made it so that everyone in the country was taken care of. There was a push for a more equal distribution of wealth. This of course meant that those in poverty could now live by higher means "2".

Unfortunately, those who were rich and had a much higher level of output making them worth more to the country were worse off. People failed to understand that this was going on. They were too optimistic in the belief that they could enjoy the freedom to do what they so choose without the consequences of failure "3". Freedom from the liberal point of view meant that the people of a country can live without the intimidation of their government and being allowed to choose what they want to do with their lives

and not be told by their government what to do. From a socialist point of view, however freedom meant not having to decide for yourself what to do for you were told what to do by your leader who supposedly has the plan for what you should do to help better the country “ 2”.

When it comes to the distribution of wealth and resources in a socialist economy, planning is an absolute must. The problem with this concept of planning the uses for wealth and resources is that the ones in charge of the planning don't always know where these resources should go or be used for. In a free market society however the people, or consumers, direct market activity. Consumers will get what they want or need if they want or need it bad enough and this is what causes competition in the market, a higher incentive to increase output, and thus forcing the proper distribution of resources to best suit the people's needs “ 5”. In a socialist economy, those in charge of the distribution of the resources would prove incapable of properly doing such a thing. “ Specialist” would essentially be needed to figure out just where these resources need to go and the problem with this is that everyone can essentially be a specialist. Each of us has our own idea of what needs to be done with the resources at our disposal. The government of a socialist economy would have resources being absolutely diminished for unjustifiable uses if there are numerous people in charge of the resources “ 6”. The government would then be forced to take complete control over the allocation of resources thus creating a centrally planned economy “ 7”.

Due to the fact that people have been trying to establish a more free society, most people disagree with this idea of a centrally planned economy.

Everyone wants their needs met before others and now they have no

control whatsoever on the issue. The government, in order to get anything accomplished, must force its people to do what is needed for the greater good of the country “ 9”. The government must establish laws that basically do away with the peoples freedoms and force them under the complete control over their government.

In a centrally planned economy, propaganda becomes necessary in order to give the government of the economy its power. The ideas and laws must be distributed all throat the country if that doesn't happen smaller societies from places out of the governments reach will formulate their own ideas. Not only do the ideas need to be distributed throughout the country, they must also sound appealing to everyone. People must be persuaded or brainwashed” into adopting the government's ideas and laws and every source of propaganda whether it be through Schools, the media, corporations, etc. it must share the same vision. Though totalitarian, it will be designed to sound noble, compassionate and fair to all yet the result with are the exact opposite “ 9”.

In a centrally planned economy, conflicts between planners become common. The implication of these conflicts occurs because everyone has their own goals in mind. Planners may all agree on what to do with certain resources but all have different ideas in mind on what they want the results to be from using those resources for a particular situation. Planners may come together to form a plan, that appears to be for the greater good, on what to do with resources but disagreements arise when they each realize their varying goals for the outcome which brings their original ideas to the

point of collapse and thus completely wasting the resources used for their ideas “ 10”.

Due to the fact that planners disagree so much on the use of resources, a demand for just one central planner rises. A planned economy must be dictatorial. It requires the giving up of certain economic freedoms by people. Lesser freedoms are given up for higher freedoms. Restricting an individual's money income is restricting his freedom. Money gives people choices. Providing them with goods instead of money restricts their choices and, therefore, their freedoms. People don't think of economic values to be of importance because they themselves control those values and decisions. This isn't the case under planning. Individuals would not control those decisions: the planner would. The planner decides which individual goals are attained and which aren't. The planner, in effect, controls the individual's life “ 11”

In collectivism, the member only gets his identification from being a member of a group, not from being an individual. From the formation of the group a new system of morals develops. The group member has no freedom to determine his own views, and accepts the view of the group. Individual ethics and morals are non-existent since the individual acts for the betterment of the group. The group member is a means to the end “ 12”.

When it comes to communism and fascism, Hayek sees them as one in the same or at least very closely related. They both derive from the same socialist mindset and are both forms of totalitarianism “ 13, 14”. When communist ideas are adopted states and private sectors merge to form corporatism. The

more that these ideas are adopted and corporatism takes place, others will begin to join in on the same ideas and increase therefore substantially “ 15”.

For over a half a century most people had believed that planning is required due to changes in technology. The belief is the result of the Marxian concept called concentration of industry, or monopoly. Decisions concerning production are made by the monopolies or the state. Hayek continues to question whether planning is the result of technology or whether it is the result of the decisions made in various countries. Technology refers to mass production techniques that require large production units in order to achieve low costs. However, not all industries require such large-scale firms in order to achieve low per unit costs. Monopoly is more likely the result of collusive agreements than it is economies of scale. If mass production leads to monopoly, then the industrially advanced countries of the time should have been the first to achieve concentration of industry “ 16”.

The Rule of Law means that there are certain rules that bind even a government. Individuals are allowed to pursue their own goals within the confines of the rules of law without the interference of government. Planning results in the opposite of conformance with the Rule of Law, eventually requiring a decision about what is more important in that society.

Government ceases to be impartial when it knows the results of its actions on people and it imposes them. Hayek infers that the collectivist state, such as Nazi Germany, becomes a “ moral” institution, where it defines and imposes its own “ moral” views on the populace, no matter how truly moral or immoral the views may be. This ideation of morality by the collectivist states infers that the liberal state is not moral “ 17”.

When planning takes place in a democracy without the agreement of its members, then coercion exists. In a democracy, the delegation of lawmakers does not go beyond the prescribed limits. Disagreement about planning means or ends means that things do not get done and eventually there is a movement for a planning dictator. Democracy and collectivism come into conflict because planning needs to suppress the freedoms that are a part of democracy. This is why democracy is incompatible with collectivism “ 18”.

The economy of a country and its people are directly tied together. If the government is able to control the economy, they control the jobs that people work and the amount they get paid. This of course controls the amount the people can consume not only by controlling their pay but by controlling the amount of a certain good that is produced. Since the government equally distributes goods and resources people are limited to whatever the government allows them to have. From another point of view, the people are vital to the economy in that they are the producers of the goods. This creates a situation in which the government must force the people to produce what needs to be produced as there is no incentive for the people to do so by their own free will “ 19”. An inequality also arises from the governments control over its people especially due to the fact that people have different needs and the equal distribution of wealth and resources does not take into account these needs “ 20”. These inequalities in the government can cause for chaos and give rise to a new central plan. If this were to occur the group that would take rise is the group comprised of the ones who lack any sort of morals and therefore are able to act for the betterment of the group. States may also feel the pressure to abandon the

plan of a centrally planned economy and develop their own to best suit the needs of those who live in that particular state or possibly try and force the county to adopt the plan of that state. This of course is what creates the ' us versus them' mentality.

Democracy in a planned economy tends to fail as people cannot agree to do what needs to be done for the economy because there is no incentive to do so. Coercion and force are needed and thus a democratic procedure is abandoned. This is why authoritarians rise because they are the ones who forcibly take control over the planned economy and thus their plan is utilized.

Morality is one's own individual belief system and their sense of unselfishness that drives them to do what is best for others. When told what to do, such as being told to help someone, it removes any possibility of feeling selfless. In a central planned economy there is no such thing as a selfless act because everything you do is done because you were told to do so. This causes a major lack in motivation and therefore a collapse in the moral fiber of society

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#### Quotes for Essay

1. During the whole of this modern period of European history the general discretion of social development was one of freeing the individual from the ties which had bound him to the customary or prescribed ways in the pursuit of his ordinary activities.

2. By the beginning of the 20th century the workingman in the Western world had reached a degree of material comfort, security, and personal independence which a hundred years before had seem scarcely possible.

3. 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.

4. To the great apostles of political freedom the word " freedom" meant freedom from coercion, freedom from the arbitrary power of other men, release from the ties which left the individual no choice but obedience to the order of a superior to whom he was attached. The new freedom promised, however, was to freedom from necessity, release from the compulsion of the circumstances which inevitably limit the range of choice of all of us. Freedom in this sense is, of course merely another name for power or wealth.

5. The successful use of competition as the principle of social organization precludes certain types of coercive interference with economic life, but it admits of others which sometimes may very considerably assist its work and even requires certain kinds of government action.

6. There would be no difficulty about efficient control or planning were conditions so simple that a single person or board could effectively survey all the relevant facts. It is only as the factors which have been taken into account become so numerous that it is impossible to gain a synoptic view of them that decentralization becomes imperative.

7. The illusion of the specialist that in a planned society he would secure more attention to the objectives for which he cares most is a more general phenomenon than the term “specialist” at first suggest.

8. Nothing distinguishes more clearly conditions in a free country from those in a country under arbitrary government than the observance in the former of the great principles known as the Rule of Law. Stripped of all technicalities, this means that government in all its actions is bound by rules fixed and announced beforehand - rules which make it possible to foresee with fair certainty how the authority will use its coercive powers given circumstances and to plan one's individual affairs on the basis of knowledge.

9. Although the beliefs must be chosen for the people and imposed upon them, they must become their beliefs, a generally accepted creed which makes the individuals as far as possible act spontaneously in the way the planner wants. If the feeling of oppression in totalitarian countries is in general much less acute than most people in liberal countries imagine, this is because the totalitarian governments succeed to a high degree in making people think as they want them to.

10. The tragedy of collectivist thought is that, while it starts out to make reason supreme, it ends by destroying reason because it misconceives the process on which the growth of reason depends.

11. Most planners who have seriously considered the practical aspects of their task have little doubt that a directed economy must be run on more or less dictatorial lines. That the complex system of interrelated activities, if it is to be consciously directed at all, must be directed by a single staff of

experts and that ultimate responsibility and power must rest in the hands of a commander-in-chief whose actions must not be fettered by democratic procedure, is too obvious a consequence of underlying ideas of central planning not to command fairly general assent.

12. The “ moral basis of collectivism” has, of course, been much debated in the past; but what concerns us here is not its moral basis but its moral results. The usual discussions of the ethical aspects of collectivism refer to the question whether collectivism is demanded by existing moral basis but not by its moral results.

13. It is true, of course, that in Germany before 1933, and in Italy before 1922, communities and Nazis or Fascist clashed more frequently with each other than with other parties. They competed for the support of the same type mind and reserved for each other the hatred of the heretic. But their practice showed how closely they are related. To both, the real enemy, the man with whom they had nothing in common and whom they could not hope to convince, is the liberal of the old type.

14. Fascism and Communism are merely variants of the same totalitarianism which central control of economic activity tends to produce.”

15. A few held a corporatist view of the good society that bordered on fascism; others sought a middle way; still others were avowedly socialist-but one thing all agreed on, that scientific planning was necessary if Britain was to survive.

16. The historical fact of the progressive growth of monopoly during the last fifty years and the increasing restriction of the field in which competition rules is, of course, not disputed-although the extent of the phenomenon is often greatly exaggerated. The important question is whether this development is a necessary consequence of the advance of technology or whether it is simply the result of the policies pursued in most countries. We shall presently see that the actual history of this development strongly suggest the latter. But we must first consider in how far modern technological developments are of such a kind as to make the growth of monopolies in wide fields inevitable.

17. Economic planning of the collectivist kind necessarily involves the very opposite of this. The planning authority cannot confine itself to providing opportunities for unknown people to make whatever use of them they like.

18. It is now often said that democracy will not tolerate "capitalism." If "capitalism" means here a competitive system based on free disposal over private property, it is far more important to realize that only within this system is democracy possible. When it becomes dominated by a collectivist creed, democracy will inevitably destroy itself.

19. It must also not be forgotten that socialism is not only by far the most important species of collectivism or "planning" but that it is socialism which has persuaded liberal-minded people to submit once more to that regimentation of economic life which they had overthrown because, in Adam Smith, it puts government in a position where "to support themselves they are obligated to be oppressive and tyrannical"

20. It is possible that we habitually overestimate the extent to which inequality of incomes is mainly caused by income derived from property, and therefore the extent to which the major inequalities would be abolished by abolishing income from property.

21. There is, indeed, as he says elsewhere, “ an increasing tendency among modern men to imagine themselves ethical because they have delegated their vices to larger and larger groups.” To act on behalf of a group seems to free people of many of the moral restraints which control their behavior as individuals within the group

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