

Introduction. In *The Road to Serfdom*, by F. A. Hayek, pp. ix-xx. Fiftieth Anniversary Edition. Chicago: University of Chicago Press, 1994. Condensed version published as "Once Again: Why Socialism Won't Work," *New York Times*, 13 August 1994.

This book has become a true classic: essential reading for everyone who is seriously interested in politics in the broadest and least partisan sense, a book whose central message is timeless, applicable to a wide variety of concrete situations. In some ways it is even more relevant to the United States today than it was when it created a sensation on its original publication in 1944.

Nearly a quarter of a century ago (1971), I wrote an introduction to a new German edition of *The Road to Serfdom* that illustrates how timeless Hayek's message is. That introduction is equally relevant to this fiftieth anniversary edition of Hayek's classic. Rather than plagiarize myself, I herewith quote it in full before adding a few additional comments.¹

“Over the years, I have made it a practice to inquire of believers in individualism how they came to depart from the collectivist orthodoxy of our times. For years, the most frequent answer was a reference to the book for which I have the honor of writing this introduction. Professor Hayek's remarkable and vigorous tract was a revelation particularly to the young men and women who had been in the armed forces during the war. Their recent experience had enhanced their appreciation of the value and meaning of individual freedom. In addition, they had observed a collectivist organization in action. For them, Hayek's predictions about the consequences of collectivism were not simply hypothetical possibilities but visible realities that they had themselves experienced in the military.

“On rereading the book before writing this introduction, I was again impressed with what a magnificent book it is—subtle and closely reasoned yet lucid and clear, philosophical and abstract yet also concrete and realistic, analytical and rational yet animated by high ideals and a vivid sense of mission. Little wonder that it had so great an influence. I was impressed also that its message is no less needed today than it was when it first appeared—on this more later. But its message may not be as immediate or as persuasive to today’s youth as to the young men and women who read it when it first appeared. The problems of the war and postwar adjustment that Hayek used to illustrate his timeless central thesis, and the collectivist jargon of the time that he used to document his assertions about the intellectual climate, were familiar to the immediate postwar generation and established an immediate rapport between author and reader. The same collectivist fallacies are abroad and on the rise today, but the immediate issues are different and so is much of the jargon. Today we hear little of ‘central planning,’ of ‘production for use,’ of the need for ‘conscious direction’ of society’s resources. Instead the talk is of the urban crisis—solvable it is said only by vastly expanded government programs; of the environmental crisis—produced it is said by rapacious businessmen who must be forced to discharge their social responsibility instead of ‘simply’ operating their enterprises to make the most profit and requiring also, it is said, vastly expanded government programs; of the consumer crisis—false values stimulated by the selfsame rapacious businessmen seeking profits instead of exercising social responsibility and of course also requiring expanded government programs to protect the consumer, not least from himself; of the welfare or poverty crisis—here the jargon is still ‘poverty in the midst of plenty,’ though what is now described as poverty would have been regarded as plenty when that slogan was first widely used.

“Now as then, the promotion of collectivism is combined with the profession of individualist values. Indeed, experience with big government has strengthened this discordant strand. There is wide protest against the ‘establishment’; an incredible conformity in the protest against conformity; a widespread demand for freedom to ‘do one’s own thing,’ for individual lifestyles, for participatory democracy. Listening to this strand, one might also believe that the collectivist tide has turned, that individualism is again on the rise. As Hayek so persuasively demonstrates, these values require an individualistic society. They can be achieved only in a liberal order in which government activity is limited primarily to establishing the framework within which individuals are free to pursue their own objectives.² The free market is the only mechanism that has ever been discovered for achieving participatory democracy.

“Unfortunately, the relation between the ends and the means remains widely misunderstood. Many of those who profess the most individualistic objectives support collectivist means without recognizing the contradiction. It is tempting to believe that social evils arise from the activities of evil men and that if only good men (like ourselves, naturally) wielded power, all would be well. That view requires only emotion and self-praise—easy to come by and satisfying as well. To understand why it is that ‘good’ men in positions of power will produce evil, while the ordinary man without power but able to engage in voluntary cooperation with his neighbors will produce good, requires analysis and thought, subordinating the emotions to the rational faculty. Surely that is one answer to the perennial mystery of why collectivism, with its demonstrated record of producing tyranny and misery, is so widely regarded as superior to individualism, with its demonstrated record of producing freedom and plenty. The argument for collectivism is simple if false; it is

an immediate emotional argument. The argument for individualism is subtle and sophisticated; it is an indirect rational argument. And the emotional faculties are more highly developed in most men than the rational, paradoxically or especially even in those who regard themselves as intellectuals.

“How stands the battle between collectivism and individualism in the West more than a quarter of a century [now half a century] after the publication of Hayek’s great tract? The answer is very different in the world of affairs and in the world of ideas.

“In the world of affairs, those of us who were persuaded by Hayek’s analysis saw few signs in 1945 of anything but a steady growth of the state at the expense of the individual, a steady replacement of private initiative and planning by state initiative and planning. Yet in practice that movement did not go much farther—not in Britain or in France or in the United States. And in Germany there was a sharp reaction away from the totalitarian controls of the Nazi period and a major move toward a liberal economic policy.

“What produced this unexpected check to collectivism? I believe that two forces were primarily responsible. First, and this was particularly important in Britain, the conflict between central planning and individual liberty that is Hayek’s theme became patent, particularly when the exigencies of central planning led to the so-called ‘control of engagements’ order under which the government had the power to assign people to occupations. The tradition of liberty, the liberal values, were still sufficiently strong in Britain so that, when the conflict occurred, central planning was sacrificed rather than individual liberty. The second force checking collectivism was simply its inefficiency. Government proved unable to manage enterprises, to organize resources to achieve stated objectives at reasonable cost. It became mired in

bureaucratic confusion and inefficiency. Widespread disillusionment set in about the effectiveness of centralized government in administering programs.

“Unfortunately, the check to collectivism did not check the growth of government; rather, it diverted its growth to a different channel. The emphasis shifted from governmentally administered production activities to indirect regulation of supposedly private enterprises and even more to governmental transfer programs, involving extracting taxes from some in order to make grants to others—all in the name of equality and the eradication of poverty but in practice producing an erratic and contradictory mélange of subsidies to special interest groups. As a result, the fraction of the national income being spent by governments has continued to mount.

“In the world of ideas, the outcome has been even less satisfactory to a believer in individualism. In one respect, this is most surprising. Experience in the past quarter century has strongly confirmed the validity of Hayek’s central insight—that coordination of men’s activities through central direction and through voluntary cooperation are roads going in very different directions: the first to serfdom, the second to freedom. That experience has also strongly reinforced a secondary theme—central direction is also a road to poverty for the ordinary man; voluntary cooperation, a road to plenty.

“East and West Germany almost provide a controlled scientific experiment. Here are people of the same blood, the same civilization, the same level of technical skill and knowledge, torn asunder by the accidents of warfare, yet adopting radically different methods of social organization—central direction and the market. The results are crystal clear. East Germany, not West Germany, had to build a wall to keep its citizens from leaving. On its side of the wall, tyranny and misery; on the other side, freedom and affluence.

“In the Middle East, Israel and Egypt offer the same contrast as West and East Germany. In the Far East, Malaya, Singapore, Thailand, Formosa, Hong Kong, and Japan—all relying primarily on free markets—are thriving and their people full of hope; a far call from India, Indonesia, and Communist China—all relying heavily on central planning. Again it is Communist China and not Hong Kong that has to guard its borders against people trying to get out.

“Yet despite this remarkable and dramatic confirmation of Hayek’s thesis, the intellectual climate of the West, after a brief interlude in which there were some signs of the resurgence of earlier liberal values, has again started moving in a direction strongly antagonistic to free enterprise, competition, private property and limited government. For a time, Hayek’s description of the ruling intellectual attitudes seemed to be growing somewhat obsolete. Today, it rings truer than it did a decade ago. It is hard to know what explains this development. We badly need a new book by Hayek that will give as clear and penetrating an insight into the intellectual developments of the past quarter century as *The Road to Serfdom* does of earlier developments. Why is it that intellectual classes everywhere almost automatically range themselves on the side of collectivism—even while chanting individualist slogans—and denigrate and revile capitalism? Why is it that the mass media are almost everywhere dominated by this view?

“Whatever the explanation, the fact of growing intellectual support of collectivism—and I believe it is a fact—makes Hayek’s book as timely today as it was when it first appeared. Let us hope that a new edition in Germany—which of all countries should be most receptive to its message—will have as much influence as the initial edition had in the United States and the United Kingdom. The battle for freedom must be won over and over again. The socialists in all parties to whom

Hayek dedicated his book must once again be persuaded or defeated if they and we are to remain free men.”

The penultimate paragraph of my introduction to the German edition is the only one that does not ring fully true today. The fall of the Berlin Wall, the collapse of communism behind the Iron Curtain, and the changing character of China have reduced the defenders of a Marxian-type collectivism to a small, hardy band concentrated in Western universities. Today, there is wide agreement that socialism is a failure, capitalism a success. Yet this apparent conversion of the intellectual community to what might be called a Hayekian view is deceptive. While the talk is about free markets and private property—and it is more respectable than it was a few decades ago to defend near-complete laissez-faire—the bulk of the intellectual community almost automatically favors any expansion of government power so long as it is advertised as a way to protect individuals from big bad corporations, relieve poverty, protect the environment, or promote “equality.” The present discussion of a national program of health care provides a striking example. The intellectuals may have learned the words but they do not yet have the tune.

I said at the outset that “in some ways” the message of this book “is even more relevant to the United States today than it was when it created a sensation ... half a century ago.” Intellectual opinion then was far more hostile to its theme than it appears to be now, but practice conformed to it far more than it does today. Government in the post–World War II period was smaller and less intrusive than it is today. Johnson’s Great Society programs, including Medicare and Medicaid, and Bush’s Clean Air and Americans with Disabilities Acts, were all still ahead, let alone the numerous other extensions of government that Reagan was only able to slow down, not reverse, in his eight years in office. Total government spending—federal

state, and local—in the United States has gone from 25 percent of national income in 1950 to nearly 45 percent in 1993.

Much the same has been true in Britain, in one sense more dramatically. The Labour Party, formerly openly socialist, now defends free private markets; and the Conservative Party, once content to administer Labour's socialist policies, has tried to reverse, and to some extent under Margaret Thatcher succeeded in reversing, the extent of government ownership and operation. But Thatcher was unable to call on anything like the reservoir of popular support for liberal values that led to the withdrawal of the "control of engagements" order shortly after World War II. And while there has been a considerable amount of "privatization" there as here, government today spends a larger fraction of the national income and is more intrusive than it was in 1950.

On both sides of the Atlantic, it is only a little overstated to say that we preach individualism and competitive capitalism, and practice socialism.

NOTE ON PUBLISHING HISTORY*

Hayek began working on *The Road to Serfdom* in September 1940, and the book was first published in England on March 10, 1944. Hayek authorized his friend Dr. Fritz Machlup, an Austrian refugee who pursued a distinguished academic career in the United States and was employed, in 1944, at the Office of Alien Property Custodian in Washington, D.C., to sign up the book with an American publisher. Before it was submitted to the University of Chicago Press the book was turned down in the United States by three publishers—whether because they believed it would not sell or, in at least one case, because they considered it "unfit for publication by a reputable house."³ Undeterred, Machlup showed the page proofs of the British edition to Aaron Director, a former member of the University of Chicago Economics

Department who was to return to the university after the war as an economist in the Law School. Subsequently, Frank H. Knight, a distinguished economist at the university, received a set of proofs and presented them to the University of Chicago Press with Director's suggestion that the Press might want to publish the book.

The Press signed a contract with Hayek for American rights in April 1944, after persuading him to make some changes—"to be specific about the application to the United States ... instead of slanting the book directly at an audience limited to England," as John Scoon, then editor at the Press, later recalled. "About the time the contract for American rights was signed—the beginning of April—we began to hear about the book in England, which had been published there on March 10. The first printing in England was only 2,000 but it was sold out in about a month. It began to be quoted in Parliament and in newspapers, and a few newspapers over here began mentioning it now and then—but of course we were still uncertain as to how it would appeal to the United States. As a matter of fact, right up until publication date we couldn't get a bookstore even in New York excited about the book."⁴

The Chicago edition was published on September 18, 1944, in a first printing of 2,000 copies, with an introduction by John Chamberlain, then as now a well-known writer and reviewer of books on economic subjects. "The first review that we saw," Scoon went on to say, "was Orville Prescott's in the *New York Times* of September 20, which was neutral and called it 'this sad and angry little book,' but by the time we had seen Henry Hazlitt's front page review in the *Sunday Times Book Review* we had ordered a second printing of 5,000 copies. In a few days we had requests for German, Spanish, Dutch and other translating rights, and on September 27 we ordered a third printing of 5,000 copies, upping it to 10,000 the next day. ...

“By the first week of October many stores were out of stock and we had a tremendous and intricate job of printing, binding, shipping and allotting to customers in both this country and Canada. ... From the start there was great enthusiasm for the book but the sales went by ups and downs. ...

“Bitterness about the book has increased as time has gone by, rising to new heights as the book has made more of an impression. (People still tend to go off half-cocked about it; why don't they *read* it and find out what Hayek actually says!)”
Scoon's comment is still true today.

The *Reader's Digest* published a condensation in April 1945, and more than 600,000 copies of the condensed version were subsequently distributed by the Book of the Month Club. In anticipation of the *Digest's* condensation and also of a lecture tour that Hayek was scheduled to make in the Spring of 1945, the Press tried to arrange for a large seventh printing. However, a paper shortage limited the press run to 10,000 and forced the Press to reduce the size of the book to a pocket-size version. It is a copy from that printing, incidentally, that is in my personal library.

In the fifty years since its publication, the Press has sold over a quarter of a million copies, 81,000 in hardback and 175,000 in paperback. Chicago's first paperback edition was published in 1956. Hayek's son, Lawrence, reports that nearly twenty authorized foreign translations have been published. In addition, underground, unauthorized translations circulated in Russian, Polish, Czech, and possibly other languages, when Eastern Europe was behind the Iron Curtain. There is little doubt that Hayek's writings, and especially this book, were an important intellectual source of the disintegration of faith in communism behind the Iron Curtain, as on our side of it.

Since the fall of the Berlin Wall it has been possible to publish the book openly in the countries and satellites of the former Soviet Union. I know from a variety of

sources that there has been an upsurge of interest in Hayek, in general, and *The Road to Serfdom* in particular in those countries.

Since Hayek's death in 1992 there has been increasing recognition of the influence that he exerted in both communist and noncommunist regimes. His publishers can confidently look forward to continuing sales of this remarkable book for as long as freedom of the press prevails—which, despite some erosion since he wrote, is nonetheless more secure than it would otherwise be precisely because of this book.

NOTES

¹ *Der Weg zur Knechtschaft: Den Sozialisten in allen Parteien*, © 1971 (for the new edition) Verlag moderne Industrie AG, 86895 Landsberg am Lech. This was the first edition ever published in Germany, though a German translation of *The Road to Serfdom* was published in Switzerland in 1948.

² (Added in 1994.) I use the term *liberal*, as Hayek does in the book, and also in his Preface to the 1956 Paperback Edition (p. xxxv below), in the original nineteenth-century sense of limited government and free markets, not in the corrupted sense it has acquired in the United States, in which it means almost the opposite.

³ See Hayek's Preface to the 1956 Paperback Edition.n. 2, p. xxxix below.

⁴ Letter to C. Hartley Gratlan, May 2. 1945.

* Much of this section is based on research carried out by Alex Philipson, promotions manager at the University of Chicago Press.