
INTRODUCTION

The Road to Serfdom is F. A. Hayek's most well-known book, but its origins were decidedly inauspicious. It began as a memo to the director of the London School of Economics, Sir William Beveridge, written by Hayek in the early 1930s and disputing the then-popular claim that fascism represented the dying gasp of a failed capitalist system. The memo grew into a magazine article, and parts of it were supposed to be incorporated into a much larger book, but during World War II he decided to bring it out separately. Though Hayek had no problem getting Routledge to publish the book in England, three American publishing houses rejected the manuscript before the University of Chicago Press finally accepted it.

The book was written for a British audience, so the director of the Press, Joseph Brandt, did not expect it to be a big seller in the States. Brandt hoped to get the well-known *New York Herald Tribune* journalist and author Walter Lippmann to write the foreword, noting in an internal memo that if he did, it might sell between two and three thousand copies. Otherwise, he estimated, it might sell nine hundred. Unfortunately, Lippmann was busy with his own work and so turned him down, as did the 1940 Republican presidential candidate Wendell Wilkie, whose 1943 book *One World* had been a best-seller.¹ John Chamberlain, the book review editor for the *New York Times*, was ultimately recruited for the job.

One hopes for his sake that Brandt was not the sort who bet money on his hunches. Since its first publication in 1944, the University of Chicago Press estimates that more than 350,000 copies of *The Road to Serfdom* have been sold. Routledge added many thousands more, but we do not know how many exactly; that press was unable to come up with any reliable numbers. There is also no good count on the number of copies that appeared in translation, not least because a portion were *samizdat* copies produced and distributed behind the Iron Curtain during the cold war.²

¹Wendell Wilkie, *One World* (New York: Simon and Schuster, 1943).

²In his "Note on Publishing History" prepared for the fiftieth anniversary edition of the book, Milton Friedman noted that by 1994 Chicago had sold approximately 250,000 copies, and that

Not everyone, of course, liked (or likes) the book. The intelligentsia, particularly in the United States, greeted its publication with condescension and, occasionally, vitriol. Then a diplomat in the British Embassy in Washington, Isaiah Berlin wrote to a friend in April 1945 that he was “still reading the awful Dr. Hayek.”³ The economist Gardiner Means did not have Berlin’s fortune; after reading 50 pages he reported to William Benton of the *Encyclopaedia Britannica* that he “couldn’t stomach any more.”⁴ The philosopher Rudolf Carnap, writing to Hayek’s friend Karl Popper, apparently could not muster even the stamina of Means: “I was somewhat surprised to see your acknowledgement of von Hayek. I have not read his book myself; it is much read and discussed in this country, but praised mostly by the protagonists of free enterprise and unrestricted capitalism, while all leftists regard him as a reactionary.”⁵

Those who, like Carnap, have not read Hayek but think that they already know what he is all about should be prepared for some surprises. Those on the left might preview their reading with a peek at chapter 3, where Hayek expounds on some of the government intervention that he was prepared to accept, at least in 1944.⁶ Those on the right might want to have a look at his distinction between a liberal and a conservative in his 1956 foreword to the American paperback edition. Both will be surprised by what they find.

In this introduction I trace the origins of Hayek’s little book, summoning up the context in which it was produced and showing how it gradually came to its final form. The reactions, both positive and negative, that ultimately turned it into a cultural icon will then be documented. Because it is a controversial work, I will comment upon some of the most persistent criticisms that have been levied against it. Not all of these, I argue, are warranted: Hayek’s book may have been widely, but it was not always carefully, read. In my conclusion I will reflect briefly on its lasting messages.⁷

nearly twenty authorized translations had been published. The 350,000 figure is an estimate provided by the Press in 2005. Friedman’s introduction and note may be found in the appendix.

³ Letter, Isaiah Berlin to Elizabeth Morrow, April 4, 1945, reprinted in *Isaiah Berlin: Letters, 1928–46*, ed. Henry Hardy (Cambridge: Cambridge University Press, 2004), p. 540.

⁴ Letter, Gardiner Means to William Benton, December 28, 1944, in the University of Chicago Press collection, box 230, folder 2, University of Chicago Library, Chicago, Ill.

⁵ Letter, Rudolf Carnap to Karl Popper, February 9, 1946, quoted in Mark Notturmo, “Popper’s Critique of Scientific Socialism, or Carnap and His Co-Workers,” *Philosophy of the Social Sciences*, vol. 29, March 1999, p. 41. Given his comment, Carnap may have read A. R. Sweezy’s review in the November 5, 1944, issue of *PM*, a leftist outlet, where Hayek’s book was dubbed a “textbook for reactionaries.”

⁶ Readers of his preface to the 1976 edition, in this volume, will see that he amended some of these views in his later years.

⁷ This last task, evidently, is of necessity always specific to a time and place, with each new generation of readers taking away from it different lessons. As such, I will simply alert the reader that this introduction was written by an American historian of economic thought, and was last modified in late 2005.

Prelude: The British, Nazism, and Socialism

Friedrich A. Hayek, a young economist from Vienna, came to the London School of Economics (LSE) in early 1931 to deliver four lectures on monetary theory, later published as the book *Prices and Production*.⁸ The topic was timely—Britain’s economy, stagnant through the 1920s, had only gotten worse with the onset of the depression—and the presentation was erudite, if at times hard to follow, owing to Hayek’s accent. On the basis of the lectures Hayek was offered a visiting professorship that began in the Michaelmas (fall) 1931 term, and a year later he was appointed to the Tooke Chair of Economic Science and Statistics. He would remain at the LSE until after the war.

The summer before Hayek arrived to teach was a traumatic one in Britain and across Europe. In addition to the deepening economic depression, financial crises on the continent led to a gold drain in Britain, and ultimately to the collapse of the Labour government, the abandoning of the gold standard, and, in autumn, the imposition of protectionist tariffs. Hayek’s entrance onto the London stage was itself accompanied by no little controversy. In August 1931 he caused a stir with the publication of the first half of a review of John Maynard Keynes’s new book, *A Treatise on Money*, which drew a heated reply from Keynes a few months later. His battle with Keynes and, later, with Keynes’s compatriot Piero Sraffa, would occupy no small amount of Hayek’s attention during the 1931–32 academic year.⁹

By the following year, however, Hayek had secured his chair, and for his inaugural lecture, delivered on March 1, 1933, he turned to a new subject.¹⁰ He began with the following question: Why were economists, whose advice was often so useful, increasingly regarded by the general public as out of step with the times during the perilous years that had followed the last war? To answer it Hayek drew upon intellectual history. He claimed that public opinion was unduly influenced by an earlier generation of economists who, by criticizing a *theoretical* approach to the social sciences, had undermined the credibility of *economic reasoning* in general. Once that had been accomplished, people felt free to propose all manner of utopian solutions to the problem of the depression,

⁸ F. A. Hayek, *Prices and Production* (London: Routledge and Sons, 1931). A *Collected Works* edition of the book is anticipated.

⁹ John Maynard Keynes, *A Treatise on Money*, 2 vols. [1930], reprinted as volumes 5 and 6 (1971) of *The Collected Writings of John Maynard Keynes*, ed. Austin Robinson and Donald Moggridge, 30 vols. (London: Macmillan [for the Royal Economic Society], 1971–89). Hayek’s exchanges with Keynes and Sraffa, including correspondence, is reproduced in *Contra Keynes and Cambridge: Essays, Correspondence*, ed. Bruce Caldwell, vol. 9 (1995) of *The Collected Works of F. A. Hayek* (Chicago: University of Chicago Press, and London: Routledge).

¹⁰ F. A. Hayek, “The Trend of Economic Thinking,” *Economica*, vol. 13, May 1933, pp. 121–37; reprinted as chapter 1 of *The Trend of Economic Thinking: Essays on Political Economists and Economic History*, ed. W. W. Bartley III and Stephen Kresge, vol. 3 (1991) of *The Collected Works of F. A. Hayek*, op. cit., pp. 17–34.

solutions that any serious study of economics would show were infeasible. Toward the end of his talk Hayek cited the new enthusiasm for socialist planning in Britain as an example of such misguided ideas. The economists who had paved the way for these errors were members of the German Historical School, advisors to Bismarck in the last decades of the nineteenth century.

Hayek's choice of the German Historical School economists was significant on a number of levels. First, the German Historical School had before the war been the chief rival of the Austrian School of Economics, of which Hayek was a member.¹¹ Next, though the German Historical School economists were conservative imperialists, cheerleaders for a strong German Reich and opponents of German social democracy, they also were the architects of numerous social welfare reforms. Bismarck embraced these reforms while at the same time repressing the socialists; indeed, the reforms were designed at least in part to undermine the socialist position and thereby strengthen the Empire. Hayek probably hoped that his audience would see certain parallels to the present day. Only a month before Adolf Hitler, who detested democracy and favored instead the reconstitution of another (third) Reich, had become Chancellor of the Weimar Republic. Within days he had convinced President Hindenburg to sign a decree prohibiting meetings and publications that could endanger public security, a measure aimed squarely at the communists and socialists. The morning before Hayek's address the world had learned that the Reichstag building had been set on fire and burned; the Nazis were quick to blame the act on the communists and used it to justify further acts of repression. A half century before, Bismarck had used an attempt on the Emperor's life to put his own anti-socialist laws in place.

After Hayek's speech the situation in Germany continued to deteriorate. In March there were wholesale arrests of communists and harassment of the social democratic leadership. Opposition newspapers were closed, constitutional protections swept away, and a notorious "enabling law" passed that gave Hitler virtually dictatorial powers. On April 1 a nationwide boycott against German Jews was called, and later in the month action against the trade unions began. In May students on university campuses across Germany held book-burning celebrations, cleansing their libraries of suspect volumes. One such event was staged in the Berlin Opernplatz on May 10, 1933, and the martial songs and speeches of the participants were broadcast live across Germany. It was a horrific spring.

Hayek's criticisms of socialism in his address were not well received. He would later recall that, following the talk, "one of the more intelligent students had the cheek to come to see me for the sole purpose of telling me that, though

hitherto admired by the students, I had wholly destroyed my reputation by taking, in this lecture, a clearly anti-socialist position."¹² But even more disquieting for Hayek was the interpretation of events in Germany that was emerging among the British intelligentsia. Certain prominent members of the German industrial class had initially supported Hitler's rise, and others had acquiesced in it. This, together with the Nazi party's evident persecution of the left, led many in Britain to see Nazism as either a capitalist-inspired movement or, alternatively (if one were a Marxist, and believed that capitalism was doomed to collapse), as a last-ditch attempt by the bourgeoisie to deny the inexorable triumph of socialism. As Hayek recalled, his director at the LSE was one of the ones propagating such an interpretation:

A very special situation arose in England, already in 1939, that people were seriously believing that National Socialism was a capitalist reaction against socialism. It's difficult to believe now, but the main exponent whom I came across was Lord Beveridge. He was actually convinced that these National Socialists and capitalists were reacting against socialism. So I wrote a memorandum for Beveridge on this subject, then turned it into a journal article. . . .¹³

In his reminiscence Hayek got the date wrong: given his reference in his memorandum to the Berlin student demonstration, and given that it carries the date "Spring 1933," he probably wrote it in May or early June of that year. The memo, titled "Nazi-Socialism," is reproduced for the first time in the appendix of this volume.¹⁴ In it, Hayek rebuts the standard account with the claim that

¹²This reminiscence is taken from a file card that was among a number that Hayek had written to provide information for Bill Bartley, who was to be Hayek's biographer. (Bartley died in 1990 before getting very far along with the biography.) Transcriptions of the file cards are included in an unpublished document that Bartley playfully titled "Hayek Biography: 'Inductive Basis.'" Bartley was a philosopher trained in the Popperian tradition, and the "inductive basis" is a term in that tradition for the body of facts against which theories are tested. The quotation may be found on p. 78.

¹³F. A. Hayek, *Hayek on Hayek: An Autobiographical Dialogue*, ed. Stephen Kresge and Leif Wenar (Chicago: University of Chicago Press, and London: Routledge, 1994), p. 102.

¹⁴The original memorandum may be found in the Friedrich A. von Hayek Papers, box 105, folder 10, Hoover Institution Archives, Stanford, Calif.

A historiographical note: there is nothing on the "Nazi-Socialism" manuscript to indicate that it was written for Beveridge. And indeed, though I have long known of the existence of the manuscript in the Hayek archives, I assumed it was *not* the Beveridge memo because it carried a date of 1933, and, as noted, Hayek seemed to imply that he had given it to Beveridge in the late 1930s. In the summer of 2004, however, Susan Howson showed me a copy of the identical memo (though with a newly inscribed title and missing the date) that she had found in Beveridge's papers. This is the basis for the claim that this was indeed the Beveridge memo.

As such, the 1939 date that Hayek mentions in his reminiscence appears simply to be an error. The two articles that grew out of the memo were published in 1938 and 1939, so the memo had

¹¹For more on the history of the two schools, see Bruce Caldwell, *Hayek's Challenge: An Intellectual Biography of F. A. Hayek* (Chicago: University of Chicago Press, 2004), chapters 1-4.

National Socialism is a “genuine socialist movement.”¹⁵ In support of this interpretation he notes its antagonism to liberalism, its restrictive economic policy, the socialist background of some of its leaders, and its antirationalism. The success of the Nazis was not, he asserted, due to a reactionary desire on the part of the Germans to return to the prewar order, but rather represented a culmination of antiliberal tendencies that had grown since Bismarck’s time. In short, socialism and Naziism both grew out of the antiliberal soil that the German Historical School economists had tended. He added the chilling warning that many other countries were following, though at a distance, the same process of development. Finally, Hayek contended that “the inherent logic of collectivism makes it impossible to confine it to a limited sphere” and hinted at how collective action must lead to coercion, but he did not develop this key idea in any detail.¹⁶

As Hayek noted in his reminiscence, he ultimately turned his 1933 memo into a magazine article, published in April 1938, titled “Freedom and the Economic System.” The following year he came out with an expanded version in the form of a public policy pamphlet.¹⁷ If one compares the two articles one can trace an accretion of ideas that would later appear in *The Road to Serfdom*. In the 1938 version, though he continued to stress the links between fascism and socialism, Hayek began to expand on what he saw as the fatal flaw of socialist planning—namely, that it “presupposes a much more complete agreement on the relative importance of the different ends than actually exists, and that, in consequence, in order to be able to plan, the planning authority must impose upon the people that detailed code of values which is lacking.”¹⁸ He followed with a much fuller exposition of why even democratic planning, if it were to be successfully carried out, eventually requires the authorities to use a variety of means, from propaganda to coercion, to implement the plan.

In the 1939 version still more ideas were added. Hayek there drew a contrast between central planning and the planning of a general system of rules that occurs under liberalism; he noted how the price system is a mechanism for coor-

to have been written before 1938. Furthermore, Beveridge left the LSE for Oxford in 1937, so presumably the date was even earlier. My best guess is that, in his reminiscence, Hayek simply confused the date of the 1939 publication with the date of the memo. I gratefully acknowledge an anonymous reader for the University of Chicago Press whose careful scrutiny of the evidence helped me to reach this conclusion.

¹⁵F. A. Hayek, “Nazi-Socialism,” appendix.

¹⁶*Ibid.*

¹⁷Both the 1938 and the 1939 versions of “Freedom and the Economic System” have been reprinted; they appear as chapters 8 and 9 in F. A. Hayek, *Socialism and War: Essays, Documents and Reviews*, ed. Bruce Caldwell, vol. 10 (1997) of *The Collected Works of F. A. Hayek*, op. cit., pp. 181–88, 189–211 respectively.

¹⁸F. A. Hayek, “Freedom and the Economic System” [1938], op. cit., p. 182.

inating knowledge; and he made several observations concerning economic policy under a liberal regime.¹⁹ All of these ideas would be incorporated into *The Road to Serfdom*.

On the one hand, Hayek had developed some of his new arguments in the course of fighting a battle against socialism during the middle years of the decade. On the other hand, some of the arguments were not actually new at all. Another debate on the feasibility of socialism had taken place immediately following the First World War, and Hayek’s mentor, Ludwig von Mises, had contributed a key argument. This earlier controversy had taken place in mostly German-language publications. When Hayek came to England and encountered similar arguments in favor of planning being made by his academic colleagues and in the press, he decided to educate them about the earlier discussion. In 1935 he published the edited volume, *Collectivist Economic Planning: Critical Studies on the Possibilities of Socialism*.²⁰ The book contained translations of articles by others, including von Mises’s seminal piece “Economic Calculation in the Socialist Commonwealth,” as well as introductory and concluding essays by Hayek.²¹ In the former Hayek reviewed the earlier Continental debates on socialism; in his concluding essay, titled “The Present State of the Debate,” he identified and assessed a number of more recent proposals, among them the idea of reintroducing competition within a socialist state, dubbed “pseudo-competition” by Hayek, which later came to be called “market socialism.”²² This drew a response from the socialist camp, the most prominent being that of the Polish émigré economist Oskar Lange, whose defense of market socialism in a journal article was later reprinted in a book, *On the Economic Theory of Socialism*.²³ Hayek would respond in turn to Lange and to another proponent of socialism, H. D. Dickinson, in a book review a few years later.²⁴

Hayek’s three essays constitute the written record of his early economic arguments against socialism. But the battle was also taking place in the class-

¹⁹*Ibid.*, pp. 193–209.

²⁰F. A. Hayek, ed., *Collectivist Economic Planning: Critical Studies on the Possibilities of Socialism* (London: Routledge and Sons, 1935; reprinted, Clifton, NJ: Kelley, 1975).

²¹Ludwig von Mises, “Economic Calculation in the Socialist Commonwealth,” translated by S. Adler, in F. A. Hayek, ed., *Collectivist Economic Planning*, op. cit., pp. 87–130.

²²F. A. Hayek, “The Present State of the Debate,” in *Collectivist Economic Planning*, op. cit., pp. 210–43. Hayek’s introductory essay, titled “The Nature and History of the Problem,” and his concluding essay are reprinted as chapters 1 and 2 of F. A. Hayek, *Socialism and War*, op. cit., pp. 53–79, 89–116, respectively. For more background on the debates, see the editor’s introduction to that volume.

²³Oskar Lange, “On the Economic Theory of Socialism,” in *On the Economic Theory of Socialism*, ed. Benjamin E. Lippincott (Minneapolis: University of Minnesota Press, 1938; reprinted, New York: McGraw Hill, 1956), pp. 57–143.

²⁴F. A. Hayek, “Socialist Calculation: The Competitive ‘Solution’” [1940], reprinted as chapter 3 of F. A. Hayek, *Socialism and War*, op. cit., pp. 117–40.

rooms (and doubtless spilling over into the senior commons room, as well) at the LSE. Beginning in the 1933–34 summer term (which ran from late April through June) Hayek began offering a class entitled “Problems of a Collectivist Economy.” The socialist response was immediate: the next year students could also enroll in a class titled “Economic Planning in Theory and Practice,” taught first by Hugh Dalton and in later years by Evan Durbin.²⁵ According to the LSE calendar, during the 1936–37 summer term students could hear Hayek from 5 to 6 PM and Durbin from 6 to 7 PM each Thursday night! This may have proved to be too much: the next year their classes were placed in the same time slot on successive days, Durbin on Wednesdays and Hayek on Thursdays.

By the time that World War II was beginning, then, Hayek had criticized, in a book, a journal, and in the classroom, a variety of socialist proposals put forth by his fellow economists. *The Road to Serfdom* is in many respects a continuation of this work, but it is important to recognize that it also goes beyond the academic debates. By the end of the decade there were many other voices calling for the transformation, sometimes radical, of society. 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.

Thus in their two volume work *Soviet Communism: A New Civilization?* Fabian socialists Sidney and Beatrice Webb praised the “Cult of Science” that they had discovered on their visits to the Soviet Union, and held out the hope that scientific planning on a massive scale was the appropriate medicine to aid Britain in its recovery from the depression.²⁶ The sociologist Karl Mannheim, who fled Frankfurt in 1933 and ultimately gained a position on the LSE faculty, warned that only by adopting a comprehensive system of economic planning could Britain avoid the fate of central Europe. For Mannheim, planning was inevitable; the only question was whether it was going to be totalitarian or democratic. These economists were joined by other highly respected public intellectuals, from natural scientists to politicians.²⁷

If planning was the word on everyone’s lips, very few were clear about exactly

²⁵ Both Dalton and Durbin served at various points as Labour members of parliament, and Dalton would hold the position of Chancellor of the Exchequer from 1945–47. We will encounter them again later in the introduction.

²⁶ Sidney and Beatrice Webb, *Soviet Communism: A New Civilization?* 2 vols (London: Longmans, Green, 1935).

²⁷ See, for example, Sir Daniel Hall and others, *The Frustration of Science* (London: Allen and Unwin, 1935; reprinted, New York: Arno Press, 1975); Findlay MacKenzie, ed., *Planned Society: Yesterday, Today, Tomorrow. A Symposium by Thirty-Five Economists, Sociologists and Statesmen* (New York: Prentice Hall, 1937); and Harold Macmillan, *The Middle Way: A Study of the Problem of Economic and Social Progress in a Free and Democratic Society* (London: Macmillan, 1938). The climate of opinion among the British intelligentsia in the interwar years is reviewed in Bruce Caldwell, *Hayek’s Challenge*, op. cit., pp. 232–37.

what it was to entail. The situation was well captured by Hayek’s friend and LSE colleague Lionel Robbins, who in 1937 wrote:

“Planning” is the grand panacea of our age. But unfortunately its meaning is highly ambiguous. In popular discussion it stands for almost any policy which it is wished to present as desirable. . . . When the average citizen, be he Nazi or Communist or Summer School Liberal, warms to the statement that “What the world needs is planning,” what he really feels is that the world needs that which is satisfactory.²⁸

As Robbins’s passage suggests, planners were to be found all along the political spectrum. Sorting out exactly what planning implied for a complex society was to be yet another major theme in Hayek’s coming work.

By 1939, in short, most of the elements for Hayek’s book were present. But its form was not yet in place. When he was not fighting against socialist planners, Hayek had spent much of the rest of his time in the 1930s exhausting himself writing and rewriting a major theoretical work in economics, ultimately published in 1941 as *The Pure Theory of Capital*.²⁹ That project was finally winding down in August 1939. In a letter to his old university friend Fritz Machlup, Hayek spoke of a new project, one that, through a study of the relationship between scientific method and social problems, would provide a systematic investigation of intellectual history and reveal the fundamental principles of social development of the last one hundred years (from Saint-Simon to Hitler).³⁰ This was to become Hayek’s Abuse of Reason project, and from it would emerge *The Road to Serfdom*.

Hayek’s War Effort

On September 1, 1939, Germany invaded Poland, and two days later England and France declared war. Within a week, Hayek had sent a letter to the di-

²⁸ Lionel Robbins, *Economic Planning and Economic Order* (London: Macmillan, 1937), p. 3.

²⁹ For more on this see the editor’s introduction to F. A. Hayek, *The Pure Theory of Capital*, ed. Lawrence A. White, vol. 12 (forthcoming) of *The Collected Works of F. A. Hayek*, op. cit.

³⁰ Letter, F. A. Hayek to Fritz Machlup, August 27, 1939, Fritz Machlup Papers, box 43, folder 15, Hoover Institution Archives. A classmate of Hayek’s at the University of Vienna, Machlup (1902–83) went to the United States on a Rockefeller Fellowship in 1933. As the situation in Europe deteriorated Machlup, a Jew, decided to stay in the States, taking a position in 1935 at the University of Buffalo in New York. When the United States entered the war he went to Washington to work at the Office of Alien Property Custodian. Hayek and Machlup corresponded frequently, and this allows us to follow Hayek’s activities during the war years very closely. We will see that Machlup also played an important role in helping to find an American publisher for Hayek.

rector general of the British Ministry of Information offering his services to aid with any propaganda campaign that might be directed at the German-speaking countries. He enclosed a memo with various suggestions about how to proceed. Hayek proposed a campaign with a historical dimension, one that demonstrated that the principles of liberty that England and France stood for were the same as those that had been enunciated by the great German poets and thinkers of the past, but showing that these had been eclipsed by “the distorted view of history, on which they have been brought up during the last sixty years,” that is, since Bismarck’s time.³¹ Hayek’s efforts had little effect; in a letter from a staff member dated December 30th his offer to help was politely but firmly turned down.

Once the war began in earnest the next May most of his colleagues from the LSE had been called to duty in various government departments. Though he was naturalized as a British subject in 1938, as an émigré Hayek was not offered a post, so he spent the war teaching his classes and writing. Hayek was clearly frustrated that the British government had no place for him, complaining in a letter to Machlup that he was “getting really annoyed by the refusal to use a person like myself on any useful work. . . .”³² By this time, however, Hayek’s intellectual history was well under way. In his letter to Machlup, Hayek provided an outline of the book, noting that “[t]he second part would of course be an elaboration of the central argument of my pamphlet on Freedom and the Economic System.”³³ The first part of the book would be called “Hubris,” the second, “Nemesis.”

Hayek worked on the Abuse of Reason project for the rest of 1940, completing a number of historical chapters and beginning some others on methodology.³⁴ Toward the end of the year, though, he began transforming the last part of the book into what would become *The Road to Serfdom*, a book that he initially envisioned as coming out “as a sixpence Penguin volume.”³⁵ Why did Hayek decide to abandon his larger historical endeavor—he never completed the

³¹ F. A. Hayek, “Some Notes on Propaganda in Germany,” p. 2. The memo, which is nine pages long and bears the notation “2nd draft, 12/9/39,” may be found in the Hayek Papers, box 61, folder 4, Hoover Institution Archives. Box 61, folder 5 contains Hayek’s letter to the director general, dated September 9, 1939, as well as Major Anthony Gishford’s letter of December 30.

³² Letter, F. A. Hayek to Fritz Machlup, June 21, 1940, Machlup Papers, box 43, folder 15, Hoover Institution Archives.

³³ *Ibid.*

³⁴ These would be published separately as “The Counter-Revolution of Science,” *Economica*, N.S., vol. 8, February 1941, pp. 9–36; May 1941, pp. 119–50; August 1941, pp. 281–320; and “Scientism and the Study of Society,” *Economica*, N.S., vol. 9, August 1942, pp. 267–91; vol. 10, February 1943, pp. 34–63; vol. 11, February 1944, pp. 27–39. Revised versions of these essays may be found in F. A. Hayek, *The Counter-Revolution of Science* (Glencoe, IL: The Free Press, 1952; reprinted, Indianapolis, IN: Liberty Press, 1979).

³⁵ Letter, F. A. Hayek to Fritz Machlup, January 2, 1941, Machlup Papers, box 43, folder 15, Hoover Institution Archives.

Abuse of Reason project—to focus on a shorter, more popular, and admittedly “political” tract? We will probably never have a definitive answer, but certain plausible reasons stand out. Were the Allies to lose the war, western civilization in Europe itself would be the cost. But Hayek was also worried about what would transpire if the Allies won.

Mobilization for war requires a massive reallocation of resources away from the production of peacetime consumer goods and capital toward the production of war materials. Factories are commandeered, their machines retooled for wartime production, and decisions about what to produce are made at the center. With fewer consumer goods being produced, the prospect of inflation looms (particularly harmful during wartime, because it hurts debtors, just when the government is trying to convince its citizens to become debtors by buying war bonds). To avoid inflation further intervention is necessary, and the standard policy response is to fix prices and institute a system of rationing. This essentially does away with a freely adjusting price system for basic consumer goods. Bluntly put, during war the market system is more or less abandoned, as many parts of the economy are placed under central control. Hayek’s fear was that socialists would want to *continue* such controls in peacetime.

There was precedence for such a fear. Even before the First World War had begun, the philosopher Otto Neurath had been touting the doctrine of “war economy” in Eugen von Böhm-Bawerk’s economics seminar in Vienna, much to the chagrin of seminar participant Ludwig von Mises. Neurath claimed that central planning under wartime conditions provided an exemplar for how to run an economy in peacetime. His and others’ proposals for the socialization of the postwar economy provoked Mises to formulate his initial critique of socialist planning. Interestingly, Neurath was still on the scene when Hayek was writing: when hostilities started in earnest Neurath had fled Holland and would spend the war in Oxford.³⁶

The British were not Continental socialists, but still, the danger signs were there. Clearly, the nearly universal sentiment among the intelligentsia in the 1930s that a planned system represented “the middle way” between a failed capitalism and totalitarianisms of the left and right was worrisome. The writings of what Hayek called the “men (and women!) of science” could not be ignored. Look at this message from the weekly magazine *Nature*, taken from an editorial that carried the title “Science and the National War Effort”:

³⁶ For more on Neurath, see the editor’s introduction to F. A. Hayek, *Socialism and War*, op. cit. There was a brief but fascinating correspondence between Hayek and Neurath at the end of the Second World War. Neurath initiated it by sending Hayek a review of *The Road to Serfdom*, and in a subsequent letter invited him to debate. Hayek put him off, saying he was busy working on a writing project. This would later become *The Sensory Order: An Inquiry into the Foundations of Theoretical Psychology* (Chicago: University of Chicago Press, 1952). The debate never took place, as Neurath died in December 1945. The correspondence may be found in the Hayek Papers, box 40, folder 7, Hoover Institution Archives.

The contribution of science to the war effort should be a major one, for which the Scientific Advisory Committee may well be largely responsible. Moreover, the work must not cease with the end of the war. It does not follow that an organization which is satisfactory under the stress of modern warfare will serve equally well in time of peace; but the principle of the immediate concern of science in formulating policy and in other ways exerting a direct and sufficient influence on the course of government is one to which we must hold fast. Science must seize the opportunity to show that it can lead mankind onward to a better form of society.³⁷

The very next week readers of *Nature* would find similar sentiments echoed in Barbara Wootton's review of a book on Marxism: "The whole approach to social and political questions is still pre-scientific. Until we have renounced tribal magic in favour of the detached and relentless accuracy characteristic of science the unconquered social environment will continue to make useless and dangerous our astonishing conquest of the material environment."³⁸ Progressive opinion was united behind the idea that science was to be enlisted to reconstruct society along more rational lines.

There were also more overtly political forces to be reckoned with, forces whose hopes for the postwar world became increasingly clear as the conflict began to turn in favor of the allies. In early 1942 the Labour Party issued a pamphlet, *The Old World and the New Society*, that laid out the principles for reconstruction after the war. Here are some of its key claims:

There must be no return to the unplanned competitive world of the inter-War years, in which a privileged few were maintained at the expense of the common good

A planned society must replace the old competitive system

The basis for our democracy must be planned production for community use

As a necessary prerequisite to the reorganization of society, the main War-time controls in industry and agriculture should be maintained to avoid the scramble for profits which followed the last war.³⁹

³⁷Editorial, "Science and the National War Effort," *Nature*, vol. 146, October 12, 1940, p. 470.

³⁸Barbara Wootton, "Book Review: *Marxism: A Post-Mortem*," *Nature*, vol. 146, October 19, 1940, p. 508.

³⁹National Executive Committee of the Labour Party, *The Old World and the New Society: A Report on the Problems of War and Peace Reconstruction* (London: Transport House, n.d.), pp. 3–4. The pamphlet was issued by the Committee "for the consideration of its various Affiliated Organizations

These ideas were incorporated into a resolution proposed by Harold Laski and passed at the Party Conference on May 26, 1942. In his speech defending the resolution, Laski noted that "Nationalization of the essential instruments of production before the war ends, the maintenance of control over production and distribution after the war—this is the spearhead of this resolution."⁴⁰

Party boilerplate is one thing, concrete plans as how to carry it out are quite another. A start at the latter was made in the famous Beveridge Report.⁴¹

The story of how Hayek's former director at the LSE came to chair the Inter-departmental Committee on Social Insurance and Allied Services is not without interest. The committee was originally set up in early 1941 to respond to trade union complaints about the mishmash of government programs then in existence to provide for unemployment benefits, sick pay, pensions, and the like. The Treasury, busy trying to finance the war, did not want a comprehensive review, fearing it would only lead to recommendations for further expenditures. They pushed for the appointment of a "safe" chairman who would do a patch-up job, and made sure that the committee was staffed principally with equally safe middle-level civil servants. But then the Minister of Labour Ernest Bevin intervened, and ultimately prevailed in having Beveridge appointed to chair the committee, his motivation being, according to one account, to get "the pushy Beveridge at last out of his Ministry!"⁴²

By December 1941 Beveridge had received only one of the 127 pieces of evidence that his committee would ultimately collect, but this did not deter him from circulating a paper that contained most of the main points that would be contained in the final report. Beveridge turned out to be anything but safe. His proposals provided the foundations for the postwar British welfare state, including the provision of family allowances, comprehensive social insurance, universal health care coverage, and a government obligation to maintain full employment.

Though the Treasury was horrified at the projected cost of the plan, over the course of 1942 Beveridge, through public appearances, radio talks, and the like,

prior to discussions at a series of Regional Conferences throughout the country, and at the Annual Conference of the Party, to be held in London at Whitsuntide (May 25–28, 1942)."

⁴⁰Professor H. J. Laski, "A Planned Economic Democracy," *The Labour Party Report of the 41st Annual Conference* (London: Transport House, 1942), p. 111.

⁴¹Though as William Beveridge's biographer notes, "Already by June 1941 . . . there was a large body of reforming opinion interested in, and with well-formed views upon, the range of problems that Beveridge and his committee were to examine in detail over the next eighteen months." See Jose Harris, *William Beveridge: A Biography*, revised paperback edition (Oxford: Clarendon Press, 1997), pp. 367–68.

⁴²Brian Abel-Smith, "The Beveridge Report: Its Origins and Outcomes," in *Beveridge and Social Security: An International Perspective*, ed. John Hill, John Ditch, and Howard Glennerster (Oxford: Clarendon Press, 1994), p. 14.

managed to leak to the press the broad outlines of the report, thereby building up popular support and undermining the ability of the government to either ignore or dismiss it. He was successful as impresario: when the 299-page government document was finally released on December 2, 1942, the line for it at the government bookshop was said to have been over a mile long.⁴³ It ultimately sold about a half a million copies, influencing policy not just in Britain, but worldwide. (In America, an edition that was “reproduced photographically from the English edition” to ensure a speedy delivery was quickly made available and sold about fifty thousand copies.)⁴⁴

The Beveridge Report was an immediate success. The British economy had been stagnant throughout the interwar period, and no one wanted a return to such deprivation. The common sacrifices that the war necessitated bred a feeling that all should similarly share more equally in the reconstruction to come. Universal medical provision was itself virtually a fact of life during the first few years of the war, certainly for anyone injured by aerial bombing or whose work was tied to the war effort—and whose work was not, in one way or another? The war, then, was transforming the climate, and Beveridge’s hope—and he was not alone—was to build on this transformation in the future.⁴⁵ Indeed, the first of the “Three Guiding Principles of Recommendations” with which he began his report made the link explicit: “Now, when the war is abolishing landmarks of every kind, is the opportunity for using experience in a clear field. A revolutionary moment in the world’s history is a time for revolutions, not for patching.”⁴⁶

Having come to his majority in interwar Vienna, Hayek doubtless experienced an intense and disquieting sense of déjà vu on reading such words. In his book he sought to reverse the trends that were everywhere evident in Britain. Making the economic case against socialist planning was not enough. He

⁴³Janet Beveridge, *Beveridge and His Plan* (London: Hodder and Stoughton, 1954), p. 114. It should probably be pointed out that it was Beveridge’s wife who reported on the length of the line, and she was apparently recounting an anecdote that she had received second hand.

⁴⁴Brian Abel-Smith, “The Beveridge Report,” op. cit., p. 18.

⁴⁵According to Beveridge’s biographer, “the Social Insurance plan formed merely an iceberg tip—and in Beveridge’s view perhaps the least important tip—of the very much more ambitious and far-reaching program of social reconstruction that he had in his mind at the time . . . [which] included such possible objectives as the nationalization of land and housing, national minimum wage legislation, public ownership of up to 75 per cent of industrial production, a public enterprise board to direct both public and private investment, and permanent state control of income, prices, and manpower planning.” See Jose Harris, “Beveridge’s Social and Political Thought,” in *Beveridge and Social Security*, op. cit., p. 29. The changes instituted by the postwar Labour government would be far less dramatic than what Beveridge privately hoped for, and the levels of assistance once implemented were less than what he outlined in his report. But the welfare state was established, and with it the presumption that the state would be responsible for, and capable of, maintaining “full employment.”

⁴⁶Sir William Beveridge, *Social Insurance and Allied Services* (New York: Macmillan, 1942), p. 6.

needed to remind the British of their liberal democratic heritage, to contrast it with the collectivist or corporatist authoritarian modes of social organization promoted by its enemies, and finally, to make clear (notwithstanding the rhetoric of “planning for freedom”) that the actual implementation of a centrally planned society would be inimical to liberty.

Finding an American Publisher

In a letter dated August 8, 1942, Hayek asked Fritz Machlup, who was by then in Washington at the Office of Alien Property Custodian, for his help in securing an American publisher. Machlup’s wartime letters to Hayek may have helped him to realize that his message might be needed as an antidote in the States as well as in Britain: “If you talk here with people over 40 years of age—except Hansen—they sound sane and relatively conservative. It is the generation brought up by Keynes and Hansen, which is blind to the political implications of their economic views.”⁴⁷ By summer’s end Hayek sent Machlup a typescript that included all but the final three substantive chapters, two of which would deal with his recommendations for the postwar period. He would mail these to his friend over the course of the next year.⁴⁸

Machlup’s first stop was Macmillan, but they turned him down.⁴⁹ Machlup later reported to Hayek what they said in their letter: “Frankly, we are doubtful of the sale which we could secure for it, and I personally cannot but feel that Professor Hayek is a little outside the stream of much present-day thought, both here and in England.”⁵⁰ Machlup’s next move was, at Hayek’s request, to send the (by now completed) typescript to Walter Lippmann, who would promote it to Little, Brown. This was done, but they also declined, on the grounds that

⁴⁷Letter, Fritz Machlup to F. A. Hayek, October 23, 1942, Hayek Papers, box 36, folder 17, Hoover Institution Archives, copyright Stanford University.

⁴⁸In a letter dated June 13, 1943, Hayek reported that he had sent Machlup copies of chapters 13 and 14 “about two months ago” and was now sending him the final chapter (chapter 15) as well as a new preface and table of contents. Machlup confirmed their arrival in his letter of August 9, 1943. Both letters may be found in the Machlup Papers, box 43, folder 15, Hoover Institution Archives. It should perhaps be noted that there are sixteen, not fifteen, chapters in the final published version, but the last chapter is only a two-page conclusion that was added later.

⁴⁹Machlup was an editorial consultant for the academic publishing house Blakiston Company, and they told him that they would be happy to publish the book should Hayek want to, but lacking a trade department they would not be able to provide any real marketing for the book. So Machlup decided to see if he could drum up interest elsewhere.

⁵⁰Letter, Fritz Machlup to F. A. Hayek, January 21, 1943, Machlup Papers, box 43, folder 15, Hoover Institution Archives, copyright Stanford University. It is difficult to resist adding the sentence with which Machlup’s correspondent, Mr. Putnam, ended his paragraph: “If, however, the book is published by someone else and becomes a best-seller in the non-fiction field, just put it down to one of those mistakes in judgment which we all make.” Indeed.

“the exposition was too difficult for the general reader.”⁵¹ Machlup then turned to Henry Gideonse, by now the President of Brooklyn College, but who previously had served as the editor of the series of public policy pamphlets in which “Freedom and the Economic System” had appeared. Gideonse took the manuscript with his strong endorsement to Ordway Tead, the economics editor at Harper and Brothers. This initiative also failed. In a sentence that in some ways exemplifies his own complaint, Tead explained why Harper would not publish it: “I do feel that the volume is labored, is over-written and that he can say all that he has to say in about half the space.”⁵²

Nearly a year had gone by and Machlup’s search for an American publisher had yielded nothing. It was at this point that Aaron Director came to the rescue.⁵³ Director worked alongside Machlup in Washington, and had read the typescript in the summer of 1943. In October, Director wrote to fellow Chicago economists Frank Knight and Henry Simons to see if the University of Chicago Press might want to consider publishing it. Though he never received an answer, apparently Knight did recommend that the Press have a look. Toward the end of the next month Director sent the galley proofs from the English edition (which had arrived in the interim) to Chicago, asking for an immediate decision.⁵⁴

The Press complied, asking Knight to evaluate the manuscript. In his reader’s report, dated December 10, 1943, the irascible Chicago professor provided a decidedly lukewarm endorsement. He began the report by calling the book “a masterly performance of the job it undertakes” and admitted that he was

⁵¹Letter, Fritz Machlup to Harry Gideonse, September 9, 1943, Machlup Papers, box 43, folder 15, Hoover Institution Archives, copyright Stanford University.

⁵²Letter, Ordway Tead to Fritz Machlup, September 25, 1943, Machlup Papers, box 43, folder 15, Hoover Institution Archives. Tead added that “Also, it is so completely in the negative vein as to leave the reader without any clue as to what line to take in thought or policy,” a complaint others would echo.

⁵³Aaron Director (1901–2004) did his graduate work in economics at Chicago, and taught there briefly before leaving for a job at the Treasury Department in 1933. He also spent some time in the 1930s at the LSE, where he met Hayek. In 1946 Director joined the Law School faculty at Chicago, and helped found the law and economics movement during his tenure there. His sister, Rose, married Milton Friedman.

⁵⁴As Press editor John Scoon recounted in a letter dated May 2, 1945, to C. Hartley Grattan, “The idea of the Press’s publishing it in this country was suggested by a member of the Department of Economics at the University who had previously known Hayek and his work; almost simultaneously another friend of the author’s, once at the University but then in Washington with the government, suggested the book to us and got us the page proofs.” Scoon’s letter may be found in the University of Chicago Press collection, box 230, folder 3, University of Chicago Library. Scoon and Press director Joseph Brandt both joined the Press in January 1944, so Scoon’s account of the process by which the book came to Chicago is second hand. Nonetheless, his letter is filled with interesting information (Milton Friedman also made use of parts of it in his “Note on Publishing History”), and it is published for the first time in the appendix.

sympathetic to its main conclusions. But he followed this with a two-page discussion of the book’s weaknesses, concluding that, “[i]n sum, the book is an able piece of work, but limited in scope and somewhat one-sided in treatment. I doubt whether it would have a very wide market in this country, or would change the position of many readers.”⁵⁵

Knight’s distinctly ambivalent report could easily have resulted in the Press rejecting the manuscript. Instead, Acting Editor John T. McNeill took it to mean that it was worthy of further consideration. On December 14 he asked another Chicago economist, Jacob Marschak, to provide a second reader’s report. Marschak, a socialist, was far more complimentary, writing six days later that “Hayek’s book may start in this country a more scholarly kind of debate. . . . It is written with the passion and the burning clarity of a great doctrine. . . . This book cannot be bypassed.”⁵⁶ Based on the two reports, the publication committee at the Press decided to undertake an American edition. The acceptance letter to Hayek was dated December 28, 1943.

There were still details to be settled, and Machlup acted in Hayek’s behalf concerning most of these, even to the point of accepting Chicago’s offer for Hayek in early January—it was nearly a month later when Hayek finally got the news.⁵⁷ One major decision was to completely reset the type, this because in the British edition Hayek frequently referred to England as “this country.”⁵⁸ Two other changes were suggested by the Press, but both were rejected. The first was to change the name to *Socialism: The Road to Serfdom*. Both Machlup and Hayek thought that the proposed title was misleading, because socialism was only one of a subset of doctrines the book criticized. Central planning could be undertaken by parties on the right as well as the left; this was Hayek’s point when he dedicated the book to socialists of *all* parties. The other proposal was to eliminate the aphorisms with which Hayek began each chapter. Hayek was sufficiently appalled by the latter suggestion that he followed up his letter of protest with a cable reading “Cannot consent to omission of quotations from Road to Serfdom.”⁵⁹ The quotations were retained, including one from David

⁵⁵Frank Knight, reader’s report, December 10, 1943, University of Chicago Press collection, box 230, folder 1, University of Chicago Library. The report is published for the first time in the appendix.

⁵⁶Jacob Marschak, reader’s report, December 20, 1943, University of Chicago Press collection, box 230, folder 1, University of Chicago Library. The report is published for the first time in the appendix.

⁵⁷See Hayek’s letter to Machlup, February 2, 1944, Machlup Papers, box 43, folder 15, Hoover Institution Archives.

⁵⁸As noted in the editorial foreword, the text of the American edition serves as the basis for the present edition.

⁵⁹In a letter dated June 26, 1944, Hayek explained to editor Scoon why the quotations were so important: “The whole tone of the chapter is sometimes determined by the fact that the main idea is summarized in the quotation at the head, and I sometimes deliberately omit to state a main con-

Hume on the title page. Inexplicably, a quotation from Tocqueville that appeared on the title page of the British edition *was* dropped from the original American one, and in some of the later reprints the Hume quotation was moved off of the title page to the following one. Both have been restored to their rightful place on the title page in the current edition.⁶⁰

Publication: From Minor Hit to Cultural Icon

The Road to Serfdom appeared on March 10, 1944, in England. The initial print run was 2,000 copies, and due to the strong demand (it sold out in about a month's time) a second printing of 2,500 was immediately ordered. That one quickly sold out as well, but nothing further could be done until a new paper quota was announced in July. Paper shortages would plague British production of the book for the duration and beyond.⁶¹ July also saw the publication of an Australian edition.⁶²

The American edition, with a run of 2,000 copies, came out on September 18, 1944, a Monday, though advance copies had been sent to reviewers earlier. Henry Hazlitt's laudatory front page review appeared in the next Sunday's *New York Times Book Review* section, and another graced the pages of the *Herald Tribune*. By September 28 a second and third printing had been ordered, bringing the total to 17,000 copies.⁶³ The Press had a minor hit on its hands.

At the end of October a letter arrived at the Press that would help turn it into

clusion because it is expressed in the quotation. I should it regard as a major calamity to the book if they have really to be omitted. . . ." The letter may be found in the University of Chicago Press collection, box 230, folder 1, University of Chicago Library.

⁶⁰An editorial anecdote: the book is filled with quotations of others, and unfortunately, Hayek often failed to get the quotations exactly right, even those at the head of his chapters. In a letter dated February 26, 1944, Hayek asked Machlup to correct one of his quotes, Acton's famous line, "Power tends to corrupt, and absolute power corrupts absolutely." Unfortunately, even in his correction Hayek got it wrong, telling Machlup it should read, "Power tends to corrupt, and absolute power tends to corrupt absolutely!" Machlup dutifully passed the "correction" on, but presumably the actual quote was sufficiently famous that the Chicago Press copyeditor caught the error, for the correct phrasing appeared in the book. The letter is found in the Machlup Papers, box 43, folder 15, Hoover Institution Archives.

⁶¹As Jeremy Shearmur, "Hayek, *The Road to Serfdom*, and the British Conservative Party," *Journal of the History of Economic Thought*, forthcoming, reports, an abridged British edition was published by Routledge using paper that had been transferred from the allocation provided to the British Conservative Party. The abridgement was done by a conservative MP, Commander Archibald James, and in the place of the title page quotations from Hume and Tocqueville, the abridged edition carried a quotation from Winston Churchill, the leader of the Conservative Party!

⁶²F. A. Hayek, *The Road to Serfdom* (Sydney: Dymock's Book Arcade, Ltd., 1944).

⁶³For more details on the early history of its publication in America, see John Scoon's letter of May 2, 1945 to C. Hartley Grattan, which is reprinted in the appendix.

a major hit and a cultural icon. On the recommendation of Henry Gideonse, the Press had sent a copy of the book to Max Eastman, then a "roving editor" for *The Reader's Digest*. Eastman liked it so much that he asked the owner and editor-in-chief, DeWitt Wallace, for permission to do a condensation.⁶⁴ This appeared in April 1945, and it carried with it an offer of reprints, available through the Book-of-the-Month Club, for a nickel apiece. (Bulk orders were also possible: if one wanted 1,000 copies, it cost \$18.) *The Reader's Digest* had at the time a circulation of about 8,750,000, and over a million of the reprints were eventually printed and distributed.⁶⁵

Hayek arrived in the States in the beginning of April 1945 for a five-week lecture tour to promote his book. He crossed the Atlantic by boat, and while he was in transit the *Reader's Digest* issue appeared. Though the tour was initially envisioned to consist of academic lectures before various university departments of economics, by the time he arrived the tour had been turned over to a professional organization (the National Concerts and Artists Corporation) that had added a number of public appearances. The first event, a lecture sponsored by the Town Hall Club in New York, drew an overflow crowd of more than 3,000 listeners and was broadcast over the radio. Hayek was initially overwhelmed by the idea of speaking to such large, popular audiences, but, as he later recounted, he eventually warmed to the task.⁶⁶

But it is also clear (and quite understandable, given his personality) that Hayek was a bit embarrassed by all the adulation, especially from those who might have gotten their only knowledge of his views from a 20-page condensation (or worse, from the cartoon edition that had appeared in the February 1945 issue of *Look* magazine).⁶⁷ He seemed particularly worried about being misinterpreted. Thus in a Chicago newspaper under a banner that read in part

⁶⁴Hayek mentioned Eastman, who was initially sympathetic to the Russian Revolution but subsequently recanted, in chapter 2, p. 79. Cf. the foreword to the 1956 American paperback edition, this volume, p. 41.

⁶⁵*Reader's Digest* provided its circulation figures for 1945. Crosswell Bowen, "How Big Business Raised the Battle Cry of 'Serfdom,'" *PM*, Sunday, October 14, 1945, p. 13, estimated the *Reader's Digest* readership at 10 million, and is also the source for the Book-of-the-Month Club reprint figure. (Newsstand sales may account for the discrepancy between the circulation and readership figures for the *Reader's Digest*.) In his "Note on Publishing History" Milton Friedman estimated the reprint figure as 600,000 (rather than "more than one million"), but this was probably based on John Scoon's identical estimate in his letter of May 2, 1945. The number presumably had grown between May and October when Bowen's article appeared.

⁶⁶Hayek recounts the story of his trip in more detail in *Hayek on Hayek*, op. cit., pp. 103–5.

⁶⁷Both the *Reader's Digest* condensation and the cartoon version from *Look* are reprinted in a pamphlet released by the Institute of Economic Affairs: F. A. Hayek, *Reader's Digest Condensed Version of The Road to Serfdom*, Rediscovered Riches no. 5 (London: IEA Health and Welfare Unit, 1999). The Director of the IEA John Blundell reported to me on February 25, 2005, that in the last year there had been over 40,000 downloads from their website of a PDF containing the text of the condensed version of *The Road to Serfdom*.

“Friedrich Hayek Comments on Uses to Which His Book Has Been Put” he stated, “I was at first a bit puzzled and even alarmed when I found that a book written in no party spirit and not meant to support any popular philosophy should have been so exclusively welcomed by one party and so thoroughly excoriated by the other.”⁶⁸ He repeatedly emphasized in his talks before business groups that he was not against government intervention per se: “I think what is needed is a clear set of principles which enables us to distinguish between the legitimate fields of government activities and the illegitimate fields of government activity. You must cease to argue for and against government activity as such.”⁶⁹

He also feared that certain parts of his message would be ignored. For example, businessmen who might be quite eager to get “government off of our backs” might be equally eager to demand that the government protect their industries from foreign competition. Responding to a question about tariffs in a discussion following his speech in Washington, DC, Hayek bluntly asserted: “If you have any comprehension of my philosophy at all, you must know that one thing I stand for above all else is free trade throughout the world.” The man offering the anecdote added that, with that, “the temperature of the room went down at least 10 degrees.”⁷⁰

The trip to the United States gave Hayek his “15 minutes of fame,” but it was also important for more substantive reasons. On the trip he first encountered Mr. Harold Luhnow, a Kansas City businessman who was interested in funding a study of how to foster an effective competitive order in the United States. After subsequent negotiations it was agreed that the study would be undertaken at the University of Chicago, and though it was never completed, the project helped to bring together in one place the various principals who would help create the “Chicago School of Economics”—Aaron Director, Milton Friedman, and, later, George Stigler. These men would all attend, in 1947, the first meeting of the Mont Pèlerin Society, an international society of scholars founded by Hayek whose goal was “to contribute to the preservation and improvement of the free society.”⁷¹ A few years later Hayek would himself emigrate from Lon-

don to the University of Chicago, though there he would join the Committee on Social Thought rather than the Economics Department.⁷²

If Hayek was surprised by the enthusiastic reception of the book in some quarters, he was likely equally surprised at how it was savaged in others. Hayek had expected criticism, of course, and as an academic was looking forward to it, for it would mean that people were engaging his arguments.⁷³ He doubtless had in mind the sort of response he received from the English socialist Barbara Wootton, whose “courteous and frank” work Hayek mentioned in his 1956 foreword to the American paperback edition.⁷⁴ And indeed, with the exception of some Labour Party politicians, Hayek’s challengers in Britain by and large took his views seriously, and responded to them accordingly.⁷⁵

The situation was different in the United States. The worst of the lot, Herman Finer’s scabrous *Road to Reaction*, was also picked out for mentioning by Hayek in the 1956 foreword. The overarching message of the book was evident in its very first sentence: “Friedrich A. Hayek’s *The Road to Serfdom* constitutes the most sinister offensive against democracy to emerge from a democratic country for many decades.”⁷⁶ According to Finer, Hayek’s call for constitutionalism and advocacy of the rule of law was indicative of his antidemocratic biases, the “very essence” of Hayek’s argument being “the idea that *democracy is dangerous and ought to be limited*.”⁷⁷ Toward the end of the book (published, we remember, in 1945) we find Finer remarking on “the thoroughly Hitlerian contempt for the democratic man so perfectly expressed by Hayek.”⁷⁸ Other pun-

⁷²As Hayek later recounted in *Hayek on Hayek*, op. cit., p. 103, “practically all my contacts that led to later visits and finally made my move to Chicago possible were made during this trip.”

⁷³In a letter to Machlup dated March 20, 1944, Hayek noted with some surprise the initial warm reception the book had received in the British press, then added, “But I hope the attacks will begin soon.” The letter may be found in the Machlup Papers, box 43, folder 15, Hoover Institution Archives.

⁷⁴See the foreword to the 1956 American paperback edition, this volume, p. 40.

⁷⁵During the 1945 election both Clement Atlee and Hugh Dalton, soon to be the Labour Prime Minister and Chancellor of the Exchequer, respectively, accused Winston Churchill of getting his ideas from Friedrich August von (with an emphasis on the “von”) Hayek. In one speech (later dubbed the “Gestapo” speech), Churchill had predicted that a Labour victory would lead to a severe restriction on individual liberties. For more on all this see F. A. Hayek, *Hayek on Hayek*, op. cit., pp. 106–7; cf. Jeremy Shearmur, “Hayek, *The Road to Serfdom*, and the British Conservative Party,” op. cit.

⁷⁶Herman Finer, *Road to Reaction* (Boston: Little, Brown and Company, 1945), p. ix.

⁷⁷*Ibid.*, p. 36. It is true that Hayek believed that constitutional limits were essential for protecting individuals against the “tyranny of the majority.” But he was an opponent of planning, not of democracy. And indeed, if his arguments are correct, democracy is much more likely to be preserved under liberal political and economic institutions than under planning, whatever form it might take.

⁷⁸*Ibid.*, p. 210.

⁶⁸F. A. Hayek, “Planning and ‘The Road to Serfdom’: Friedrich Hayek Comments on Uses to Which His Book Has Been Put,” *Chicago Sun Book Week*, May 6, 1945.

⁶⁹F. A. Hayek, “The Road to Serfdom, an Address before the Economic Club of Detroit,” April 23, 1945, p. 6. A transcript of the address may be found in the Hayek Papers, box 106, folder 8, Hoover Institution Archives.

⁷⁰Marquis W. Childs, “Apostle Hot Potato: Austrian for Whom Senator Hawkes Gave Party Embarrassed Republicans,” *Newark Evening News*, May 6, 1945.

⁷¹This is from the closing sentence of the Society’s “Statement of Aims,” adopted April 10, 1947, and reproduced in Fritz Machlup, ed., *Essays on Hayek* (New York: New York University Press, 1976), p. xiii.

dits of the day took different tacks: George Soule, for example, was quick to label him “the darling of the Chamber of Commerce.”⁷⁹ The left-leaning *PM* newspaper launched an exposé showing how business interests promoted the “selling” of Hayek’s message. The author’s concluding sentences capture well many people’s perception of the reception of the book in America: “Hayek’s book—and the *Look* and *Reader’s Digest* treatments of it—gave big business a wonderful opportunity to spread distrust and fear of the New Deal. Big business seized the opportunity.”⁸⁰

Perhaps recognizing that nothing sells like controversy, the Press sent Hayek a copy of Finer’s book when it appeared in December 1945, and asked whether he might want to add a new chapter to the end of the next edition of *The Road to Serfdom*, in which he would reply to his critics. Hayek worked on such a postscript on and off over the next few years. A partially completed draft, dated 1948, exists in his archives, and elements of this would ultimately be incorporated into the 1956 foreword.⁸¹ It is notable, and characteristic, that Hayek’s response there was not to lash out at his critics, but rather to try to explain the differences in the receptions he received in England and the United States, again by emphasizing the different experiences that people in the two countries had had with socialism.⁸²

It is hard to imagine that Hayek’s book would have become so widely known, remembered decades after its original publication, had it not been for the *Reader’s Digest* condensation. This allowed Hayek’s message to reach many more people, and in at least one instance with dramatic effect: Antony Fisher, the founder of the Institute of Economic Affairs, and after it a prime mover in the foundation of many other conservative think tanks, was inspired to wage the war of ideas after having read the condensation and then speaking with Hayek in his LSE office in the summer of 1945.⁸³ But the condensation also turned the book into a symbol for both his admirers and his critics. The sad result is that, as John Scoon put it, “People still tend to go off half-cocked about it; why don’t they *read* it and find out what Hayek actually says!”⁸⁴ In the next

⁷⁹ George Soule, “The Gospel according to Hazlitt: A Review of *Economics in One Lesson*,” *The New Republic*, vol. 115, August 19, 1946, p. 202.

⁸⁰ Croswell Bowen, “How Big Business . . .,” *op. cit.*, p. 16.

⁸¹ F. A. Hayek, “Postscript,” Hayek Papers, box 106, folder 8, Hoover Institution Archives.

⁸² See the foreword to the 1956 American paperback edition, this volume, pp. 41–42. A perusal of the 1948 “postscript” shows that Hayek’s initial response was less measured, and apparently even in 1955 the penultimate draft of the “Foreword” contained some lines about Rexford Tugwell and Wesley Clair Mitchell that prompted concern from an editor at the Press. These lines were dropped from the final version. See Alexander Morin’s letter to Hayek of August 18, 1955, University of Chicago Press collection, box 230, folder 4, University of Chicago Library.

⁸³ See John Blundell, “Introduction: Hayek, Fisher and *The Road to Serfdom*,” in F. A. Hayek, *Reader’s Digest Condensed Version of The Road to Serfdom*, *op. cit.*, pp. 16–25.

⁸⁴ John Scoon to C. Hartley Grattan, May 2, 1945, *op. cit.*, reprinted in the appendix.

section some oft-heard criticisms of the book are briefly reviewed and assessed. We will see that some are less justified than others.

Some Prominent Criticisms

One of the earliest criticisms concerned the historical accuracy of his claims. A good example is the objection raised by Frank Knight, who in his reader’s report insisted that German history was far more complicated than Hayek had portrayed it; that, for example, the socialist policies in place since Bismarck’s time comprised only one element in explaining the subsequent trajectory of the country. I doubt that Hayek would deny this; if he did, he would certainly be on very shaky ground. Nonetheless, if this part of his thesis seems overstated, it is only fair to recall the original structure of Hayek’s argument. *The Road to Serfdom* was intended to be the final section of a much larger project, in which Hayek would trace the gradual decline of liberalism in a number of different countries. Hayek’s specific arguments about Germany make much more sense within the context of this larger project. His decision to publish as a separate piece the conclusion of his work is akin to offering a punch line without the joke.

We must also remember the sorts of arguments he was trying to confront with his thesis. As Hayek frequently repeated, many intelligent and informed people of his day had been taken in by the claim that National Socialism was the next logical and historical phase of a collapsing capitalism. His point, one that most would accept today as evident, was that fascism and communism both represent totalitarian systems that have much more in common with each other than either does with the sorts of governments and economic systems that exist under liberal free market democracies. The Nazis demonized and persecuted the communists, to be sure, but it was not because they were themselves capitalists. Hayek simply sought to establish the true commonalities.

Another oft-voiced complaint was that Hayek’s book was long on criticism but short on or vague concerning proposed alternatives. After ten years of economic depression, many people felt that capitalism had finally breathed its last and that something new had to replace it. What was Hayek offering? Writing in *The New Republic*, Alvin Hansen noted that Hayek distinguished in his book between “good planning” and “bad planning,” then asked Hayek to inform his readers precisely how he would draw the line between the two.⁸⁵ John Maynard Keynes read the book on the way to the Bretton Woods conference, and delighted Hayek when he wrote him that it was “a grand book” and that “morally and philosophically I find myself in agreement with virtually the whole of it;

⁸⁵ Alvin Hansen, “The New Crusade against Planning,” *The New Republic*, vol. 112, January 1, 1945, pp. 9–10.

and not only in agreement with it, but in a deeply moved agreement."⁸⁶ Keynes went on to say, though, that "You admit here and there that it is a question of knowing where to draw the line. You agree that the line has to be drawn somewhere, and that the logical extreme is not possible. But you give us no guidance whatever as to where to draw it."⁸⁷

Hayek evidently took these criticisms to heart, for in the coming years he would make two further important contributions to political philosophy that would refine and extend the arguments made in *The Road to Serfdom*. In *The Constitution of Liberty* he laid out the philosophical foundations of liberal constitutionalism, wherein a private sphere of individual activity is defined, the state is granted a monopoly on coercion, and then is constitutionally limited by the rule of law in its use of those coercive powers. In the last third of the book Hayek outlined the specific sorts of government policies that were consistent with such a political setup.⁸⁸ In *Law, Legislation, and Liberty*, Hayek lamented how western democracies were increasingly circumventing the spirit of liberal constitutionalism by passing coercive legislation, typically under the guise of achieving social justice, but in reality serving well-organized coalitions of special interests. The book also included a unique proposal for legislative reform aimed at re-establishing the ideal of a constitutionally constrained liberal democratic commonwealth.⁸⁹

A third complaint is that Hayek's argument against socialism in *The Road to Serfdom* is unconvincing because, by failing to address "market socialism," it must be viewed as incomplete. Evan Durbin, Hayek's old sparring partner at the LSE, was one of the first to enunciate the argument, chiding Hayek in his review in the *Economic Journal* for making "only one reference to the work of those of us who are both practicing economists and also Socialists, and that in a footnote," thereby neglecting "all recent writings on the subject."⁹⁰ According to Durbin, "democratic socialism" need not imply any "rigid programme of production" but only that "the final responsibility for taking economic decisions is transferred from the private company or group of shareholders to the representatives of the community. . . ."⁹¹ Durbin's "democratic socialism" was a variant of the market socialism (sometimes also referred to by Hayek as "com-

⁸⁶ Letter, John Maynard Keynes to Hayek, June 28, 1944, reprinted in John Maynard Keynes, *Activities 1940-1946. Shaping the Post-War World: Employment and Commodities*, ed. Donald Moggridge, vol. 27 (1980) of *The Collected Writings of John Maynard Keynes*, op. cit., p. 385.

⁸⁷ *Ibid.*, p. 386.

⁸⁸ F. A. Hayek, *The Constitution of Liberty* (Chicago: University of Chicago Press, 1960).

⁸⁹ F. A. Hayek, *Law, Legislation, and Liberty*, 3 vols. (Chicago: University of Chicago Press, 1973-79).

⁹⁰ Evan Durbin, "Professor Hayek on Economic Planning and Political Liberty," *Economic Journal*, vol. 55, December 1945, p. 360. Durbin had his own book on democratic socialism: see Evan Durbin, *The Politics of Democratic Socialism: An Essay on Social Policy* (London: Routledge, 1940; reprinted, New York: Kelley, 1969).

⁹¹ *Ibid.*, p. 361.

petitive socialism") that Oskar Lange had articulated in *On the Economic Theory of Socialism*. As was noted earlier, Hayek had already criticized this doctrine in a review of the Lange volume published in 1940. It was to this review that Hayek referred in his long note on market socialism in *The Road to Serfdom*.⁹²

Market socialism may sound like an oxymoron, but it is a position that has seldom failed to intrigue economists seeking "the middle way." Market socialists are critics of capitalism, to be sure, but they accept as a starting premise that perfectly competitive markets have certain desirable efficiency characteristics. Crucially, however, they deny that any real world markets resemble those described under perfect competition. The days of atomistic competition disappeared when cartels and monopolies began emerging in the late nineteenth century. Contemporary capitalism, then, lacks the beneficial aspects of competition, while retaining all of its defects. A planned market socialist economy would restore true competition with all of its benefits while simultaneously correcting the myriad social injustices associated with unfettered capitalism. In Lange's specific blueprint for a market socialist society, there exist free markets for both consumer goods and labor, but (because of public ownership of the means of production) no market for productive resources. A Central Planning Board would provide prices, adjusting them up or down (using a "trial-and-error" method) depending on revealed shortages or surpluses.

Market socialism is attractive because it seems to combine the best parts of rival systems: the efficiency of a market-based system and egalitarian policies aimed at promoting social justice, all combined within a democratic polity. In his review, Hayek raised a number of pertinent questions about the details of Lange's plan, most of which suggested that though market socialism *sounded* good, it would not work. One of his key complaints was that Lange had neglected to say how often prices would need to be adjusted in his proposed system. This was an important issue, for even with relatively quick adjustments (something that Hayek thought would be difficult to sustain) Hayek maintained that an extensive system of price fixing would still always be playing catch-up relative to the adjustments that would take place in a market system, and so would be less efficient. In making his points, Hayek wrote, famously, that "it is difficult to suppress the suspicion that this particular proposal has been born out of an excessive preoccupation with problems of the pure theory of stationary equilibrium."⁹³ Hayek's later and much fuller development of how markets work to coordinate social and economic activity in a world in which knowledge is dispersed—a world very different from that described by the theory of stationary equilibrium—would become one of his central contributions to economics.

⁹² F. A. Hayek, "Socialist Calculation: The Competitive 'Solution,'" op. cit. Hayek mentions the review in chapter 3, note 4.

⁹³ *Ibid.*, p. 123.

Hayek, then, had already articulated a set of arguments against market socialism. Why did he relegate them to a note in *The Road to Serfdom*? One clue is given by a letter that Lange wrote to Hayek on July 31, 1940, in which he responded to Hayek's review and tried to clear up a misunderstanding:

I do not propose price fixing by a real central planning board, as a practical solution. It was used, in my paper, only as a methodological device to show how equilibrium prices can be determined by trial and error even in the absence of a market in the institutional sense of the word. Practically, I should, of course recommend the determination of the prices by a thorough market process whenever this is feasible. . . .⁹⁴

Hayek might be forgiven if he were to infer from this letter that Lange had basically accepted his criticisms about the *practical feasibility* of market socialism. Though obviously Durbin thought differently, Hayek felt that market socialism was little more than an interesting theoretical exercise, the sort of thing that economists like to play with on the blackboard, but not something to be taken seriously as practical proposal.

But even more to the point, Hayek did not write *The Road to Serfdom* chiefly with theoretical economists like Lange or Durbin in mind. Unlike such economists, most advocates of "planning" had not even begun to think through what it meant to have a planned society. For them, planning itself was, as Robbins had put it, a panacea. It was this vague but widespread sentiment for which *The Road to Serfdom* was meant to be an antidote. Hayek was trying to show his readers that planning, everyone's favorite remedy for the ills of the world, might sound good in theory, but would not work in practice (or, at least, not unless the western democracies were prepared to accept severe constraints on personal liberty of the sort on display in the systems against which they currently were fighting.)

This explains, I think, why Hayek did not bother to lay out the argument against market socialism in his book. He felt that market socialism was only a theoretical dream, and that the details of the argument against it would be out of place in a general book. His economist readers, he doubtless presumed, were already aware of the arguments he had made in 1940, arguments he felt had succeeded. If they weren't, he reminded them with a note.

As such, one could understand that Hayek felt a bit miffed by Durbin's insinuation that he had neglected all the recent work. His irritation is evident in the unpublished version of his 1948 postscript.

⁹⁴Letter, Oskar Lange to Hayek, July 31, 1940, reprinted in *Economic Theory and Market Socialism—Selected Essays of Oskar Lange*, ed. Tadeusz Kowalik (Cheltenham: Elgar, 1994), p. 298.

Mr. Durbin . . . is especially pained that I have not taken more seriously and devoted no more than a note to the interesting schemes of a competitive socialism which have been put forward in recent years in a number of learned books and articles. I am quite ready to discuss their theoretical merits and have in fact done so at some length in an article quoted in the footnote just referred to. And I shall be very glad to examine these plans further as soon as there are any signs that they are taken seriously by, and exercise any practical influence on the politics of, the socialist parties. But I have yet to find any socialist party which is willing even to consider using competition as the method for organizing economic activity, and until this is the case I cannot see that anyone but the specialist need be bothered with the objections to those ingenious schemes. But I may perhaps be allowed to add that I should have more confidence in the genuineness of the desire to reconcile freedom and socialism by means of a "competitive socialism" if one of the main advocates of these schemes, Professor Oskar Lange, had not chosen to become one of the main spokesmen of the Russian point of view on the Council of the United Nations and if Mr. Durbin were not now himself a member of the Socialist British Government which is doing most of the things of which he apparently disapproves.⁹⁵

Durbin would die in a drowning accident in 1948, which may explain why this passage was never included in the foreword. Alas, Lange's accommodation to the political realities in his native Poland would only increase through time: he went on to write apologetics for Stalin and, renouncing his earlier views on market socialism, even went so far as to forbid their republication in Polish.⁹⁶

Though Lange and Durbin are gone, the dreams for market socialism among economic theorists never seem to die, the most recent revival occurring after the collapse of the Soviet bloc in the last decade of the last century. Its longevity is easy to explain: for those who seek a middle way, market socialism is the ideal system. In more recent discussions, Hayek's original critique has been substantially bolstered by additional arguments, some from the economics of information that identify incentive problems, others from public choice analysis that identify political obstacles that would confront any such regime.⁹⁷ But it is perhaps sufficient to say, as Hayek did in 1948, that until a real-world example of such an "ingenious scheme" is forthcoming, it is best considered a

⁹⁵F. A. Hayek, "Postscript," Hayek Papers, box 106, folder 8, Hoover Institution Archives. By this point Durbin was a Labour MP and the Parliamentary Secretary of the Ministry of Works.

⁹⁶Tadeusz Kowalik, "Oskar Lange's Market Socialism: The Story of an Intellectual-Political Career" [1991], reprinted in *Why Market Socialism? Voices from Dissent*, ed. Frank Roosevelt and David Belkin (Armonk, New York: M. E. Sharpe, 1994), pp. 137–54.

⁹⁷See Bruce Caldwell, "Hayek and Socialism," *Journal of Economic Literature*, vol. 35, December 1997, pp. 1856–90, for more on the recent debates.

theoretical construct of interest only to specialists, one that has no particular relevance for the world in which we actually live.

A final criticism has sometimes been called the “inevitability thesis” or the “slippery slope” argument: Hayek is claimed to have said that, once a society engages in a little planning, it is doomed to end up in a totalitarian state. Durbin was among those making this charge, writing that Hayek believed that “any departure from the practice of free enterprise, any hope that reason and science may be applied to the direction of economic activity, any attempt at economic planning, must lead us remorselessly to serfdom. . . .”⁹⁸ If Durbin’s statement of the inevitability thesis seems unusually stark, he was certainly not alone in thinking that Hayek had said that any expansion of state control over the economy would necessarily lead to a totalitarian outcome. Those who so interpreted him spanned the ideological spectrum from Barbara Wootton to George Stigler.⁹⁹ Paul Samuelson even expressed the idea diagrammatically in his principles of economics text, drawing political freedom on one axis, economic freedom on the other, and a movement down the curve (slippery slope indeed!) from high to low levels of both being what Hayek supposedly predicted: “that government modification of laissez faire must lead *inevitably* to political serfdom.”¹⁰⁰

This interpretation occurred despite Hayek’s frequent protests to the contrary. Sometimes he objected publicly, as he did in the preface to the 1976 edition: “It has frequently been alleged that I have contended that any movement in the direction of socialism is bound to lead to totalitarianism. Even though this danger exists, this is not what the book says.”¹⁰¹ In private he could be both more forceful and explicit, as may be seen in his letter to Paul Samuelson:

I am afraid in glancing through the 11th edition of your *Economics* I seem to have discovered the source of the false allegation about my book *The Road to Serfdom* which I constantly encounter, most resent and can only regard as a

⁹⁸Durbin, op. cit., p. 360. Durbin repeatedly accused Hayek as being either unscientific or hostile to science in his review, nicely exemplifying the positivist worldview against which Hayek so often fought.

⁹⁹See Barbara Wootton, *Freedom under Planning*, op. cit., pp. 28, 36–37, 50, and George Stigler, *Memoirs of an Unregulated Economist* (New York: Basic Books, 1985), p. 146.

¹⁰⁰Paul Samuelson, *Economics*, 11th ed. (New York: McGraw-Hill, 1980), p. 827.

¹⁰¹F. A. Hayek, preface to the 1976 edition, this volume, p. 55. Note that Hayek says “this is not what the book says.” He may have been implying here that the condensation and cartoon versions of his argument were at least in part responsible for the widespread misreading of his message. And indeed, in the condensed version Hayek’s insistence that he is not describing inevitable tendencies is left out, whereas part of the following sentence, not emphasized in the original, is set in italics: “Few recognize that the rise of fascism and nazism [the IEA version mistakenly replaces nazism with Marxism here] was not a reaction against the socialist trends of the preceding period but a necessary outcome of those tendencies.” See F. A. Hayek, *Reader’s Digest Condensed Version of The Road to Serfdom*, op. cit., pp. 31–32.

malicious distortion which has largely succeeded in discrediting my argument . . . [Y]ou assert that I contend that “each step away from the market system and towards the social reform of the welfare state is *inevitably* a journey that must end in a totalitarian state” and that “government modification of market laissez faire must lead *inevitably* to political serfdom.” . . .

How anyone who has read my book can in good faith say this when ever since the first edition I say right at the beginning . . . “Nor am I arguing that these developments are inevitable. If they were, there would be no point in writing this. They can be prevented if people realize in time where their efforts may lead. . . .”¹⁰²

Given the ubiquity of the “inevitability thesis” interpretation among both his friends and his foes, as well as Hayek’s own insistence that this was not his argument, it is important to try to figure out exactly what has given rise to the confusion.

Hayek’s letter to Samuelson allows us to rule out one way of interpreting the word “inevitability.” Hayek was decidedly *not* making the historical claim that, no matter what future moves were made in Britain and America, there was no turning back, that a socialist future that would end in totalitarianism was inevitably coming. This kind of inevitability thesis was, after all, exactly what Hayek was criticizing in his essay “Scientism and the Study of Society,” when he attacked historicism, the belief that there were historical laws knowledge of which allowed one to predict a necessary future.

A more plausible way to read Hayek’s words is to see him as warning that, unless we change our ways, we are headed down the road to serfdom. It was certainly part of Hayek’s intent to issue such a warning. He was in particular afraid that we might embark on such a path without really realizing it, or, as he put it in his speech before the Economic Club of Detroit, “the danger is the greater because we may choose the wrong way, not by deliberation and concerted decision, but because we seem to be blundering into it.”¹⁰³ As the title of his fourth chapter makes clear, some of Hayek’s opponents had made the claim that planning was “inevitable,” that unless we embraced “planning for freedom” we were headed toward totalitarianism. Hayek presumably was hoping to stand such an argument on its head, to show that, rather than the only means of counteracting totalitarianism, planning itself constituted a significant step along the way toward the totalitarian state.

¹⁰²Letter, Hayek to Paul Samuelson, December 18, 1980, Hayek Papers, box 48, folder 5, Hoover Institution Archives. Hayek was wrong to imply that Samuelson was the source of the misreading, for it was a common one. The archives also contain Samuelson’s reply, in which he apologized and promised to try to represent Hayek’s views more accurately in any future work.

¹⁰³F. A. Hayek, “The Road to Serfdom, an Address before the Economic Club of Detroit,” op. cit., p. 4.

Yet another way to read Hayek is to see him as offering a *logical* rather than a *historical* argument. Hayek recognized that “liberal socialists” value freedom of choice and the honoring of individual preferences. What he denied was that they could maintain those values *and still carry out their proclaimed program of extensive central planning*. As he succinctly put it, “socialism can be put into practice only by methods which most socialists disapprove.”¹⁰⁴ Even if it were to begin as a “liberal socialist” experiment (none of the real-world cases have ever done so, one might add), full-scale planning requires that the planning authorities take over all production decisions; to be able to make any decisions at all, they would need to exercise more and more political control. If one tries to create a *truly* planned society, one will not be able to separate out control of the economy from political control. This was Hayek’s logical argument against planning, one that he had succinctly articulated in 1939 in “Freedom and the Economic System.”

In the end agreement that planning is necessary, together with the inability of the democratic assembly to agree on a particular plan, must strengthen the demand that the government, or some single individual, should be given powers to act on their own responsibility. It becomes more and more the accepted belief that, if one wants to get things done, the responsible director of affairs must be freed from the fetters of democratic procedure.¹⁰⁵

Now evidently, in the years since he wrote, the countries that Hayek was most concerned about (the Western European democracies and the United States), despite the rhetoric of their left-wing politicians, did not go to anything like complete central planning or full nationalization of the means of production. For example, though there was a movement in this direction in Britain directly after the war, it reached its high point by the late 1940s, and even then only about 20 per cent of British industry was nationalized.

Those who see Hayek as issuing a prediction of an inevitable trend would view this history as refuting his claim. Those who see him as providing a warning might consider thanking him for saving them from disaster. If one confronts Hayek’s logical argument, however, the subsequent paths of the western European democracies are not really tests of Hayek’s thesis. To be sure, many of them did develop substantial welfare states, and Hayek spoke about the separate dangers of these in his later writings. But the existence of such states, and

¹⁰⁴This volume, chapter 10, p. 159.

¹⁰⁵F. A. Hayek, “Freedom and the Economic System” [1939], op. cit., p. 205. When I have described Hayek’s argument in seminars, more than once members of the audience have noted its similarities with Arrow’s “Impossibility Theorem” in welfare economics.

whatever successes they may or may not have had, does not undermine Hayek’s logical argument from *The Road to Serfdom*: a welfare state is not socialism.

The proper way to evaluate Hayek’s logical thesis is to ask, How many actually existing, real-world political systems have fully nationalized their means of production and preserved both some measure of economic efficiency and freedom of choice over goods and occupations? Count them up. Then compare the number with those that nationalized their means of production and turned to extensive planning and control, and with it the curtailment of individual liberties. If one agrees that this is the right test, Hayek’s position is fully vindicated: full socialism *can* only be put into practice by using methods of which most socialists would disapprove.

The Continuing Relevance of The Road to Serfdom

Reading (or perhaps rereading) *The Road to Serfdom* will be a pleasurable experience for some, and induce apoplexy in others: it continues to be a lightning rod, as well as a Rorschach test, revealing as much about the reader’s prior commitments as it does about Hayek’s ideas. For younger readers the book may also be a bit of a mystery, for though it has elements of a general treatise (more on which anon), it was also very much (as he himself once admitted) a “tract for the times.”¹⁰⁶ Modern readers who are not familiar with the history of the Third Reich may stumble over names like Julius Streicher or Robert Ley. And who today still recalls Sir Richard Acland’s “Forward March” movement, or the Temporary National Economic Committee? As editor, I have tried to provide brief notes that place these individuals, groups, and ideas in context, in an effort to make it easier for readers today to enter the world that Hayek inhabited.

At the same time, the book is also filled with timeless ideas. Hayek’s immediate objective was to persuade his British audience that their heritage of liberal democracy under the rule of law should be viewed as a national treasure rather than an object of scorn, as a still-vital roadmap for organizing society rather than an embarrassing relic of times gone by. Though much depends on how one defines one’s terms, his was a message that invites more than occasional reexamination.

Another theme, evident perhaps more explicitly in this introduction than in specific passages in Hayek’s own text, but nonetheless very much a part of his underlying motivation in writing the book, is Hayek’s warning concerning the dangers that times of war pose for established civil societies—for it is during

¹⁰⁶See F. A. Hayek, preface to the 1976 edition, this volume, p. 53.

such times when hard-won civil liberties are most likely to be all-too-easily given up. Even more troubling, politicians instinctively recognize the seductive power of war. Times of national emergency permit the invocation of a common cause and a common purpose. War enables leaders to ask for sacrifices. It presents an enemy against which all segments of society may unite. This is true of real war, but because of its ability to unify disparate groups, savvy politicians from all parties find it effective to invoke war metaphors in a host of contexts. The war on drugs, the war on poverty, and the war on terror are but three examples from recent times.¹⁰⁷ What makes these examples even more worrisome than true wars is that none has a logical endpoint; each may be invoked forever.

Hayek's message was to be wary of such martial invocations. His specific fear was that, for a war to be fought effectively, the power and size of the state must grow. No matter what rhetoric they employ, politicians and the bureaucracies over which they preside love power, and power is never easily surrendered once the danger, if there ever was one, has passed. Though eternal vigilance is sage advice, surely "wartime" (or when politicians would try to convince us that it is such a time) is when those who value the preservation of individual liberty must be most on guard.¹⁰⁸

Finally, what one finds in this book, and in all of Hayek's work, is a clear recognition of the power of ideas. It was perhaps John Maynard Keynes who said it best, in the closing chapter of *The General Theory*:

the ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than commonly understood. Indeed the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back. I am sure that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas.¹⁰⁹

Hayek would have offered his immediate assent, adding, perhaps, that Keynes's passage carries with it the implication that those who fail to understand the ori-

¹⁰⁷I thank Steven Horwitz for providing these apposite examples in his contributions to a session commemorating the 60th anniversary of the publication of *The Road to Serfdom* held at the 2004 History of Economics Society meetings in Toronto, Canada.

¹⁰⁸For many depressing examples of Hayek's thesis, see Robert Higgs, *Crisis and Leviathan: Critical Episodes in the Growth of American Government* (New York: Oxford University Press, 1987). This introduction is being written during George W. Bush's presidency, one that provides plentiful additional evidence.

¹⁰⁹John Maynard Keynes, *The General Theory of Employment, Interest and Money* [1936], reprinted as vol. 7 (1973) of *The Collected Writings of John Maynard Keynes*, op. cit., p. 383.

gins of the ideas do so at their peril. Given the many years of his life that he spent diligently toiling, the perennial advocate of causes that most of his contemporaries thought of as lost, anachronistic, or a return to reaction, perhaps no person better represents the notion of the power of ideas in the twentieth century than does F. A. Hayek.

Bruce Caldwell