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THE COLLECTED WORKS OF

F. A. Hayek

VOLUME II

THE ROAD TO SERFDOM

Text and Documents

The Definitive Edition

EDITED BY

BRUCE CALDWELL

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FIVE

PLANNING AND DEMOCRACY

> The statesman who should attempt to direct private people in what manner they ought to employ their capitals, would not only load himself with a most unnecessary attention, but assume an authority which could safely be trusted to no council and senate whatever, and which would nowhere be so dangerous as in the hands of a man who had folly and presumption enough to fancy himself fit to exercise it. —Adam Smith[1]

The common features of all collectivist systems may be described, in a phrase ever dear to socialists of all schools, as the deliberate organization of the labors of society for a definite social goal. That our present society lacks such "conscious" direction toward a single aim, that its activities are guided by the whims and fancies of irresponsible individuals, has always been one of the main complaints of its socialist critics.

In many ways this puts the basic issue very clearly. And it directs us at once to the point where the conflict arises between individual freedom and collectivism. The various kinds of collectivism, communism, fascism, etc., differ among themselves in the nature of the goal toward which they want to direct the efforts of society. But they all differ from liberalism and individualism in wanting to organize the whole of society and all its resources for this unitary end and in refusing to recognize autonomous spheres in which the ends of the individuals are supreme. In short, they are totalitarian in the true sense of this new word which we have adopted to describe the unexpected but nevertheless inseparable manifestations of what in theory we call collectivism.

The "social goal," or "common purpose," for which society is to be organized is usually vaguely described as the "common good," the "general welfare," or the "general interest." It does not need much reflection to see that these terms have no sufficiently definite meaning to determine a particular course

[1][Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, ed. R. H. Campbell and A. S. Skinner, vol. 1 of *The Glasgow Edition of the Works and Correspondence of Adam Smith*, op. cit., book 4, chapter 2, p. 456. —Ed.]

of action. The welfare and the happiness of millions cannot be measured on a single scale of less and more. The welfare of a people, like the happiness of a man, depends on a great many things that can be provided in an infinite variety of combinations. It cannot be adequately expressed as a single end, but only as a hierarchy of ends, a comprehensive scale of values in which every need of every person is given its place. To direct all our activities according to a single plan presupposes that every one of our needs is given its rank in an order of values which must be complete enough to make it possible to decide among all the different courses which the planner has to choose. It presupposes, in short, the existence of a complete ethical code in which all the different human values are allotted their due place.

The conception of a complete ethical code is unfamiliar, and it requires some effort of imagination to see what it involves. We are not in the habit of thinking of moral codes as more or less complete. The fact that we are constantly choosing between different values without a social code prescribing how we ought to choose does not surprise us and does not suggest to us that our moral code is incomplete. In our society there is neither occasion nor reason why people should develop common views about what should be done in such situations. But where all the means to be used are the property of society and are to be used in the name of society according to a unitary plan, a "social" view about what ought to be done must guide all decisions. In such a world we should soon find that our moral code is full of gaps.

We are not concerned here with the question whether it would be desirable to have such a complete ethical code. It may merely be pointed out that up to the present the growth of civilization has been accompanied by a steady diminution of the sphere in which individual actions are bound by fixed rules. The rules of which our common moral code consists have progressively become fewer and more general in character. From the primitive man, who was bound by an elaborate ritual in almost every one of his daily activities, who was limited by innumerable taboos, and who could scarcely conceive of doing things in a way different from his fellows, morals have more and more tended to become merely limits circumscribing the sphere within which the individual could behave as he liked. The adoption of a common ethical code comprehensive enough to determine a unitary economic plan would mean a complete reversal of this tendency.

The essential point for us is that no such complete ethical code exists. The attempt to direct all economic activity according to a single plan would raise innumerable questions to which the answer could be provided only by a moral rule, but to which existing morals have no answer and where there exists no agreed view on what ought to be done. People will have either no definite views or conflicting views on such questions, because in the free society in which we

have lived there has been no occasion to think about them and still less to form common opinions about them.

Not only do we not possess such an all-inclusive scale of values: it would be impossible for any mind to comprehend the infinite variety of different needs of different people which compete for the available resources and to attach a definite weight to each. For our problem it is of minor importance whether the ends for which any person cares comprehend only his own individual needs, or whether they include the needs of his closer or even those of his more distant fellows—that is, whether he is egoistic or altruistic in the ordinary senses of these words. The point which is so important is the basic fact that it is impossible for any man to survey more than a limited field, to be aware of the urgency of more than a limited number of needs. Whether his interests center round his own physical needs, or whether he takes a warm interest in the welfare of every human being he knows, the ends about which he can be concerned will always be only an infinitesimal fraction of the needs of all men.

This is the fundamental fact on which the whole philosophy of individualism is based. It does not assume, as is often asserted, that man is egoistic or selfish or ought to be. It merely starts from the indisputable fact that the limits of our powers of imagination make it impossible to include in our scale of values more than a sector of the needs of the whole society, and that, since, strictly speaking, scales of value can exist only in individual minds, nothing but partial scales of values exist—scales which are inevitably different and often inconsistent with each other. From this the individualist concludes that the individuals should be allowed, within defined limits, to follow their own values and preferences rather than somebody else's; that within these spheres the individual's system of ends should be supreme and not subject to any dictation by others. It is this recognition of the individual as the ultimate judge of his ends, the belief that as far as possible his own views ought to govern his actions, that forms the essence of the individualist position.

This view does not, of course, exclude the recognition of social ends, or rather of a coincidence of individual ends which makes it advisable for men to combine for their pursuit. But it limits such common action to the instances where individual views coincide; what are called "social ends" are for it merely identical ends of many individuals—or ends to the achievement of which individuals are willing to contribute in return for the assistance they receive in the satisfaction of their own desires. Common action is thus limited to the fields where people agree on common ends. Very frequently these common ends will not be ultimate ends to the individuals but means which different persons can use for different purposes. In fact, people are most likely to agree on common action where the common end is not an ultimate end to them but a means capable of serving a great variety of purposes.

When individuals combine in a joint effort to realize ends they have in common, the organizations, like the state, that they form for this purpose are given their own system of ends and their own means. But any organization thus formed remains one "person" among others, in the case of the state much more powerful than any of the others, it is true, yet still with its separate and limited sphere in which alone its ends are supreme. The limits of this sphere are determined by the extent to which the individuals agree on particular ends; and the probability that they will agree on a particular course of action necessarily decreases as the scope of such action extends. There are certain functions of the state on the exercise of which there will be practical unanimity among its citizens; there will be others on which there will be agreement of a substantial majority; and so on, until we come to fields where, although each individual might wish the state to act in some way, there will be almost as many views about what the government should do as there are different people.

We can rely on voluntary agreement to guide the action of the state only so long as it is confined to spheres where agreement exists. But not only when the state undertakes direct control in fields where there is no such agreement is it bound to suppress individual freedom. We can unfortunately not indefinitely extend the sphere of common action and still leave the individual free in his own sphere. Once the communal sector, in which the state controls all the means, exceeds a certain proportion of the whole, the effects of its actions dominate the whole system. Although the state controls directly the use of only a large part of the available resources, the effects of its decisions on the remaining part of the economic system become so great that indirectly it controls almost everything. Where, as was, for example, true in Germany as early as 1928, the central and local authorities directly control the use of more than half the national income (according to an official German estimate then, 53 per cent),[2] they control indirectly almost the whole economic life of the nation. There is, then, scarcely an individual end which is not dependent for its achievement on the action of the state, and the "social scale of values" which guides the state's action must embrace practically all individual ends.

It is not difficult to see what must be the consequences when democracy embarks upon a course of planning which in its execution requires more agreement than in fact exists. The people may have agreed on adopting a system of directed economy because they have been convinced that it will produce great prosperity. In the discussions leading to the decision, the goal of planning will have been described by some such term as "common welfare," which only con-

[2][In 1927 Hayek became the first director of the newly formed Austrian Institute for Business Cycle Research (*Österreichisches Institut für Konjunkturforschung*); one of his tasks was to collect economic data of the sort he reports on here. —Ed.]

ceals the absence of real agreement on the ends of planning. Agreement will in fact exist only on the mechanism to be used. But it is a mechanism which can be used only for a common end; and the question of the precise goal toward which all activity is to be directed will arise as soon as the executive power has to translate the demand for a single plan into a particular plan. Then it will appear that the agreement on the desirability of planning is not supported by agreement on the ends the plan is to serve. The effect of the people's agreeing that there must be central planning, without agreeing on the ends, will be rather as if a group of people were to commit themselves to take a journey together without agreeing where they want to go: with the result that they may all have to make a journey which most of them do not want at all. That planning creates a situation in which it is necessary for us to agree on a much larger number of topics than we have been used to, and that in a planned system we cannot confine collective action to the tasks on which we can agree but are forced to produce agreement on everything in order that any action can be taken at all, is one of the features which contributes more than most to determining the character of a planned system.

It may be the unanimously expressed will of the people that its parliament should prepare a comprehensive economic plan, yet neither the people nor its representatives need therefore be able to agree on any particular plan. The inability of democratic assemblies to carry out what seems to be a clear mandate of the people will inevitably cause dissatisfaction with democratic institutions. Parliaments come to be regarded as ineffective "talking shops," unable or incompetent to carry out the tasks for which they have been chosen. The conviction grows that if efficient planning is to be done, the direction must be "taken out of politics" and placed in the hands of experts—permanent officials or independent autonomous bodies.

The difficulty is well known to socialists. It will soon be half a century since the Webbs began to complain of "the increased incapacity of the House of Commons to cope with its work."[3] More recently, Professor Laski has elaborated the argument:

"It is common ground that the present parliamentary machine is quite unsuited to pass rapidly a great body of complicated legislation. The National Government, indeed, has in substance admitted this by implementing its economy and tariff measures not by detailed debate in the House of Commons but by a wholesale system of delegated legislation. A Labour Government would,

[3]Sidney and Beatrice Webb, *Industrial Democracy* (London, New York, Bombay and Calcutta: Longmans, Green and Co., 1897), p. 800 n. [English social reformers Sidney (1859–1947) and Beatrice (1858–1943) Webb were early members of the Fabian Society and cofounders of the London School of Economics. In the cited passage, the Webbs actually complained of the "increasing incapacity," rather than "increased incapacity," of the House of Commons to cope with its work. —Ed.]

I presume, build upon the amplitude of this precedent. It would confine the House of Commons to the two functions it can properly perform: the ventilation of grievances and the discussion of general principles of its measures. Its Bills would take the form of general formulae conferring wide powers on the appropriate government departments; and those powers would be exercised by Order in Council which could, if desired, be attacked in the House by means of a vote of no confidence. The necessity and value of delegated legislation has recently been strongly reaffirmed by the Donoughmore Committee; and its extension is inevitable if the process of socialisation is not to be wrecked by the normal methods of obstruction which existing parliamentary procedure sanctions."

And to make it quite clear that a socialist government must not allow itself to be too much fettered by democratic procedure, Professor Laski at the end of the same article raised the question "whether in a period of transition to Socialism, a Labour Government can risk the overthrow of its measures as a result of the next general election"—and left it significantly unanswered.[4]

It is important clearly to see the causes of this admitted ineffectiveness of parliaments when it comes to a detailed administration of the economic affairs of a nation. The fault is neither with the individual representatives nor with parliamentary institutions as such but with the contradictions inherent in the task with which they are charged. They are not asked to act where they can agree, but to produce agreement on everything—the whole direction of the resources of the nation. For such a task the system of majority decision is, however, not suited. Majorities will be found where it is a choice between limited alternatives; but it is a superstition to believe that there must be a majority view on everything. There is no reason why there should be a majority in favor of any one of the different possible courses of positive action if their number is legion. Every member of the legislative assembly might prefer some particular plan for

[4]H. J. Laski, "Labour and the Constitution," *New Statesman and Nation, N.S.*, no. 81, September 10, 1932, p. 277. In a book *Democracy in Crisis* (Chapel Hill, NC: University of North Carolina Press, 1933), p. 87 in which Professor Laski later elaborated these ideas, his determination that parliamentary democracy must not be allowed to form an obstacle to the realization of socialism is even more plainly expressed: not only would a socialist government "take vast powers and legislate under them by ordinance and decree" and "suspend the classic formulae of normal opposition" but the "continuance of parliamentary government would depend on its [i.e., the Labour government's] possession of guarantees from the Conservative Party that its work of transformation would not be disrupted by repeal in the event of its defeat at the polls"!

As Professor Laski invokes the authority of the Donoughmore Committee, it may be worth recalling that Professor Laski was a member of that committee and presumably one of the authors of its report. [The Donoughmore Committee on Ministers' Powers was set up to investigate the implications of the expansion of delegated legislation; that is, legislation that is enacted by ministers in order to carry out primary legislation that is passed by Parliament. Hayek makes further reference to its findings in the next note. —Ed.]

the direction of economic activity to no plan, yet no one plan may appear preferable to a majority to no plan at all.

Nor can a coherent plan be achieved by breaking it up into parts and voting on particular issues. A democratic assembly voting and amending a comprehensive economic plan clause by clause, as it deliberates on an ordinary bill, makes nonsense. An economic plan, to deserve the name, must have a unitary conception. Even if a parliament could, proceeding step by step, agree on some scheme, it would certainly in the end satisfy nobody. A complex whole in which all the parts must be most carefully adjusted to each other cannot be achieved through a compromise between conflicting views. To draw up an economic plan in this fashion is even less possible than, for example, successfully to plan a military campaign by democratic procedure. As in strategy it would become inevitable to delegate the task to the experts.

Yet the difference is that, while the general who is put in charge of a campaign is given a single end to which, for the duration of the campaign, all the means under his control have to be exclusively devoted, there can be no such single goal given to the economic planner, and no similar limitation of the means imposed upon him. The general has not got to balance different independent aims against each other; there is for him only one supreme goal. But the ends of an economic plan, or of any part of it, cannot be defined apart from the particular plan. It is the essence of the economic problem that the making of an economic plan involves the choice between conflicting or competing ends—different needs of different people. But which ends do so conflict, which will have to be sacrificed if we want to achieve certain others, in short, which are the alternatives between which we must choose, can only be known to those who know all the facts; and only they, the experts, are in a position to decide which of the different ends are to be given preference. It is inevitable that they should impose their scale of preferences on the community for which they plan.

This is not always clearly recognized, and delegation is usually justified by the technical character of the task. But this does not mean that only the technical detail is delegated, or even that the inability of parliaments to understand the technical detail is the root of the difficulty.[5] Alterations in the structure of

[5] It is instructive in this connection briefly to refer to the government document in which in recent years these problems have been discussed. As long as thirteen years ago, that is before England finally abandoned economic liberalism, the process of delegating legislative powers had already been carried to a point where it was felt necessary to appoint a committee to investigate "what safeguards are desirable or necessary to secure the sovereignty of Law." In its report the Donoughmore Committee (*Report of the [Lord Chancellor's] Committee in Ministers' Powers*, Cmd. 4060 [1932]) showed that even at that date Parliament had resorted "to the practice of wholesale and indiscriminate delegation" but regarded this (it was before we had really glanced into the totalitarian abyss!) as an inevitably and relatively innocuous development. And it is probably true that delegation as such need not be a danger to freedom. The interesting point is why delegation had

civil law are no less technical and no more difficult to appreciate in all their implications; yet nobody has yet seriously suggested that legislation there should be delegated to a body of experts. The fact is that in these fields legislation does not go beyond general rules on which true majority agreement can be achieved, while in the direction of economic activity the interests to be reconciled are so divergent that no true agreement is likely to be reached in a democratic assembly.

It should be recognized, however, that it is not the delegation of law-making power as such which is so objectionable. To oppose delegation as such is to oppose a symptom instead of the cause and, as it may be a necessary result of other causes, to weaken the case. So long as the power that is delegated is merely the power to make general rules, there may be very good reasons why such rules should be laid down by local rather than by the central authority. The objectionable feature is that delegation is so often resorted to because the matter in hand cannot be regulated by general rules but only by the exercise of discretion in the decision of particular cases. In these instances delegation means that some authority is given power to make with the force of law what to all intents and purposes are arbitrary decisions (usually described as "judging the case on its merits").

The delegation of particular technical tasks to separate bodies, while a regular feature, is yet only the first step in the process whereby a democracy which embarks on planning progressively relinquishes its powers. The expedient of delegation cannot really remove the causes which make all the advocates of comprehensive planning so impatient with the impotence of democracy. The delegation of particular powers to separate agencies creates a new obstacle to the achievement of a single coordinated plan. Even if, by this expedient, a democracy should succeed in planning every sector of economic activity, it would still have to face the problem of integrating these separate plans into a unitary whole. Many separate plans do not make a planned whole—in fact, as the planners ought to be the first to admit, they may be worse than no plan. But the democratic legislature will long hesitate to relinquish the decisions on really vital issues, and so long as it does so it makes it impossible for anyone

become necessary on such a scale. First place among the causes enumerated in the report is given to the fact that "Parliament nowadays passes so many laws every year" and that "much of the detail is so technical as to be unsuitable for Parliamentary discussion." But if this were all there would be no reason why the detail should not be worked out *before* rather than after Parliament passes a law. What is probably in many cases a much more important reason why, "if Parliament were not willing to delegate law-making power, Parliament would be unable to pass the kind and quantity of legislation which public opinion requires" is innocently revealed in the little sentence that "many of the laws affect people's lives so closely that elasticity is essential"! What does this mean if not conferment of arbitrary power—power limited by no fixed principles and which in the opinion of Parliament cannot be limited by definite and unambiguous rules?

else to provide the comprehensive plan. Yet agreement that planning is necessary, together with the inability of democratic assemblies to produce a plan, will evoke stronger and stronger demands that the government or some single individual should be given powers to act on their own responsibility. The belief is becoming more and more widespread that, if things are to get done, the responsible authorities must be freed from the fetters of democratic procedure.

The cry for an economic dictator is a characteristic stage in the movement toward planning. It is now several years since one of the most acute of foreign students of England, the late Élie Halévy, suggested that, "if you take a composite photograph of Lord Eustace Percy, Sir Oswald Mosley, and Sir Stafford Cripps, I think you would find this common feature—you would find them all agreeing to say: 'We are living in economic chaos and we cannot get out of it except under some kind of dictatorial leadership.'"[6] The number of influential public men whose inclusion would not materially alter the features of the "composite photograph" has since grown considerably.

In Germany, even before Hitler came into power, the movement had already progressed much further. It is important to remember that, for some time before 1933, Germany had reached a stage in which it had, in effect, had to be governed dictatorially. Nobody could then doubt that for the time being democracy had broken down and that sincere democrats like Brüning were no more able to govern democratically than Schleicher or von Papen.[7] Hitler did not have to destroy democracy; he merely took advantage of the decay of democracy and at the critical moment obtained the support of many to whom,

[6]Élie Halévy, "Socialism and the Problem of Democratic Parliamentarianism," *International Affairs*, vol. 13, July 1934, p. 501. [The article was an address given on April 24, 1934, at Chatham House, which since 1920 has been the base for the Royal Institute of International Affairs. French historian Élie Halévy (1870–1937) was the author of *The Growth of Philosophical Radicalism*, which traced the emergence of British utilitarianism, and *The Era of Tyrannies*, from which Hayek drew the opening quotation that begins chapter 3. English statesman Lord Eustace Percy (1887–1958) wrote such books as *Democracy on Trial* and *The Heresy of Democracy*. English politician Sir Oswald Mosley (1896–1980) began as a conservative, then switched to the Labour party, becoming an MP and a member of the 1929 Labour government, and finally resigned to become the leader of the British Union of Fascists. Labour politician Sir Stafford Cripps (1889–1952) veered increasingly to the left in the 1930s, and was ultimately ousted from the party in 1939 for his activities with the Popular Front. Percy, Mosley, and Cripps, then, represented different ends of the political spectrum, yet as Hayek and Halévy noted, they had on certain issues expressed very similar views. —Ed.]

[7][German statesman Heinrich Brüning (1885–1970) was the chancellor of Germany from 1930 to 1932, when he was forced to resign by the Nazis. He left Germany two years later. Franz von Papen (1879–1969) took over as chancellor in 1932, and under Hitler served briefly as vice-chancellor, and later as ambassador to Austria and to Turkey. Kurt von Schleicher (1882–1934) succeeded von Papen as chancellor, but Hitler seized power from him in 1933. He and his wife were tried on trumped-up charges and executed by the Nazis the next year. —Ed.]

though they detested Hitler, he yet seemed the only man strong enough to get things done.

The argument by which the planners usually try to reconcile us with this development is that, so long as democracy retains ultimate control, the essentials of democracy are not affected. Thus Karl Mannheim writes:

"The only [*sic*] way in which a planned society differs from that of the nineteenth century is that more and more spheres of social life, and ultimately each and all of them, are subjected to state control. But if a few controls can be held in check by parliamentary sovereignty, so can many. . . . In a democratic state sovereignty can be boundlessly strengthened by plenary powers without renouncing democratic control."[8]

This belief overlooks a vital distinction. Parliament can, of course, control the execution of tasks where it can give definite directions, where it has first agreed on the aim and merely delegates the working-out of the detail. The situation is entirely different when the reason for the delegation is that there is no real agreement on the ends, when the body charged with the planning has to choose between ends of whose conflict parliament is not even aware, and when the most that can be done is to present to it a plan which has to be accepted or rejected as a whole. There may and probably will be criticism; but as no majority can agree on an alternative plan, and the parts objected to can almost always be represented as essential parts of the whole, it will remain quite ineffective. Parliamentary discussion may be retained as a useful safety valve and even more as a convenient medium through which the official answers to complaints are disseminated. It may even prevent some flagrant abuses and successfully insist on particular shortcomings being remedied. But it cannot direct. It will at best be reduced to choosing the persons who are to have practically absolute power. The whole system will tend toward that plebiscitarian dictatorship in which the head of the government is from time to time confirmed in his position by popular vote, but where he has all the powers at his command to make certain that the vote will go in the direction he desires.

It is the price of democracy that the possibilities of conscious control are restricted to the fields where true agreement exists and that in some fields things must be left to chance. But in a society which for its functioning depends on central planning this control cannot be made dependent on a majority's being able to agree; it will often be necessary that the will of a small minority be imposed upon the people, because this minority will be the largest group able to agree among themselves on the question at issue. Democratic government has

[8]Mannheim, *Man and Society in an Age of Reconstruction*, op. cit., p. 340. [The second half of the quotation appears on page 341. —Ed.]

worked successfully where, and so long as, the functions of government were, by a widely accepted creed, restricted to fields where agreement among a majority could be achieved by free discussion; and it is the great merit of the liberal creed that it reduced the range of subjects on which agreement was necessary to one on which it was likely to exist in a society of free men. It is now often said that democracy will not tolerate "capitalism." If "capitalism" means here a competitive system based on free disposal over private property, it is far more important to realize that only within this system is democracy possible. When it becomes dominated by a collectivist creed, democracy will inevitably destroy itself.

We have no intention, however, of making a fetish of democracy. It may well be true that our generation talks and thinks too much of democracy and too little of the values which it serves. It cannot be said of democracy, as Lord Acton truly said of liberty, that it "is not a means to a higher political end. It is itself the highest political end. It is not for the sake of a good public administration that it is required, but for the security in the pursuit of the highest objects of civil society, and of private life."[9] Democracy is essentially a means, a utilitarian device for safeguarding internal peace and individual freedom. As such it is by no means infallible or certain. Nor must we forget that there has often been much more cultural and spiritual freedom under an autocratic rule than under some democracies—and it is at least conceivable that under the government of a very homogeneous and doctrinaire majority democratic government might be as oppressive as the worst dictatorship. Our point, however, is not that dictatorship must inevitably extirpate freedom but rather that planning leads to dictatorship because dictatorship is the most effective instrument of coercion and the enforcement of ideals and, as such, essential if central planning on a large scale is to be possible. The clash between planning and democracy arises simply from the fact that the latter is an obstacle to the suppression of freedom which the direction of economic activity requires. But in so far as democracy ceases to be a guaranty of individual freedom, it may well persist in some form under a totalitarian regime. A true "dictatorship of the proletariat," even if democratic in form, if it undertook centrally to direct the economic system, would probably destroy personal freedom as completely as any autocracy has ever done.

The fashionable concentration on democracy as the main value threatened is not without danger. It is largely responsible for the misleading and unfounded belief that, so long as the ultimate source of power is the will of the majority, the power cannot be arbitrary. The false assurance which many people derive from this belief is an important cause of the general unawareness of the dangers

[9][Lord Acton, "The History of Freedom in Antiquity," op. cit., p. 22. —Ed.]

which we face. There is no justification for the belief that, so long as power is conferred by democratic procedure, it cannot be arbitrary; the contrast suggested by this statement is altogether false: it is not the source but the limitation of power which prevents it from being arbitrary. Democratic control *may* prevent power from becoming arbitrary, but it does not do so by its mere existence. If democracy resolves on a task which necessarily involves the use of power which cannot be guided by fixed rules, it must become arbitrary power.

SIX

PLANNING AND THE RULE OF LAW

> Recent studies in the sociology of law once more confirm that the fundamental principle of formal law by which every case must be judged according to general rational precepts, which have as few exceptions as possible and are based on logical subsumptions, obtains only for the liberal competitive phase of capitalism. —Karl Mannheim[1]

Nothing distinguishes more clearly conditions in a free country from those in a country under arbitrary government than the observance in the former of the great principles known as the Rule of Law. Stripped of all technicalities, this means that government in all its actions is bound by rules fixed and announced beforehand—rules which make it possible to foresee with fair certainty how the authority will use its coercive powers in given circumstances and to plan one's individual affairs on the basis of this knowledge.[2] Though this ideal can never be perfectly achieved, since legislators as well as those to whom the administration of the law is entrusted are fallible men, the essential point, that the discretion left to the executive organs wielding coercive power should be reduced as much as possible, is clear enough. While every law restricts individual freedom to some extent by altering the means which people may use in the pursuit of their aims, under the Rule of Law the government is prevented from stultifying individual efforts by *ad hoc* action. Within the known rules of the game

[1] [Karl Mannheim, *Man and Society in an Age of Reconstruction*, op. cit., p. 180. —Ed.]

[2] According to the classical exposition by A. V. Dicey in *Introduction to the Study of the Law of the Constitution*, 8th ed. (London: Macmillan and Co., 1915), p. 198, the Rule of Law "means, in the first place, the absolute supremacy or predominance of regular law as opposed to the influence of arbitrary power, and excludes the existence of arbitrariness, of prerogative, or even of wide discretionary authority on the part of government." Largely as a result of Dicey's work the term has, however, in England acquired a narrower technical meaning which does not concern us here. The wider and older meaning of the concept of the rule or reign of law, which in England had become an established tradition which was more taken for granted than discussed, has been most fully elaborated, just because it raised what were new problems there, in the early nineteenth-century discussion in Germany about the nature of the *Rechtsstaat*. [For more on the latter tradition, see F. A. Hayek, *The Constitution of Liberty*, op. cit., chapter 13. —Ed.]

the individual is free to pursue his personal ends and desires, certain that the powers of government will not be used deliberately to frustrate his efforts.

The distinction we have drawn before between the creation of a permanent framework of laws within which the productive activity is guided by individual decisions and the direction of economic activity by a central authority is thus really a particular case of the more general distinction between the Rule of Law and arbitrary government. Under the first the government confines itself to fixing rules determining the conditions under which the available resources may be used, leaving to the individuals the decision for what ends they are to be used. Under the second the government directs the use of the means of production to particular ends. The first type of rules can be made in advance, in the shape of *formal rules* which do not aim at the wants and needs of particular people. They are intended to be merely instrumental in the pursuit of people's various individual ends. And they are, or ought to be, intended for such long periods that it is impossible to know whether they will assist particular people more than others. They could almost be described as a kind of instrument of production, helping people to predict the behavior of those with whom they must collaborate, rather than as efforts toward the satisfaction of particular needs.

Economic planning of the collectivist kind necessarily involves the very opposite of this. The planning authority cannot confine itself to providing opportunities for unknown people to make whatever use of them they like. It cannot tie itself down in advance to general and formal rules which prevent arbitrariness. It must provide for the actual needs of people as they arise and then choose deliberately between them. It must constantly decide questions which cannot be answered by formal principles only, and, in making these decisions, it must set up distinctions of merit between the needs of different people. When the government has to decide how many pigs are to be raised or how many busses are to be run, which coal mines are to operate, or at what prices shoes are to be sold, these decisions cannot be deduced from formal principles or settled for long periods in advance. They depend inevitably on the circumstances of the moment, and, in making such decisions, it will always be necessary to balance one against the other the interests of various persons and groups. In the end somebody's views will have to decide whose interests are more important; and these views must become part of the law of the land, a new distinction of rank which the coercive apparatus of government imposes upon the people.

The distinction we have just used between formal law or justice and substantive rules is very important and at the same time most difficult to draw precisely in practice. Yet the general principle involved is simple enough. The difference between the two kinds of rules is the same as that between laying down a Rule of the Road, as in the Highway Code, and ordering people where to go; or,

better still, between providing signposts and commanding people which road to take. The formal rules tell people in advance what action the state will take in certain types of situation, defined in general terms, without reference to time and place or particular people. They refer to typical situations into which anyone may get and in which the existence of such rules will be useful for a great variety of individual purposes. The knowledge that in such situations the state will act in a definite way, or require people to behave in a certain manner, is provided as a means for people to use in making their own plans. Formal rules are thus merely instrumental in the sense that they are expected to be useful to yet unknown people, for purposes for which these people will decide to use them, and in circumstances which cannot be foreseen in detail. In fact, that we do *not* know their concrete effect, that we do *not* know what particular ends these rules will further, or which particular people they will assist, that they are merely given the form most likely on the whole to benefit all the people affected by them, is the most important criterion of formal rules in the sense in which we here use this term. They do not involve a choice between particular ends or particular people, because we just cannot know beforehand by whom and in what way they will be used.

In our age, with its passion for conscious control of everything, it may appear paradoxical to claim as a virtue that under one system we shall know less about the particular effect of the measures the state takes than would be true under most other systems and that a method of social control should be deemed superior because of our ignorance of its precise results. Yet this consideration is in fact the rationale of the great liberal principle of the Rule of Law. And the apparent paradox dissolves rapidly when we follow the argument a little further.

This argument is twofold; the first is economic and can here only briefly be stated. The state should confine itself to establishing rules applying to general types of situations and should allow the individuals freedom in everything which depends on the circumstances of time and place, because only the individuals concerned in each instance can fully know these circumstances and adapt their actions to them. If the individuals are to be able to use their knowledge effectively in making plans, they must be able to predict actions of the state which may affect these plans. But if the actions of the state are to be predictable, they must be determined by rules fixed independently of the concrete circumstances which can be neither foreseen nor taken into account beforehand: and the particular effects of such actions will be unpredictable. If, on the other hand, the state were to direct the individual's actions so as to achieve particular ends, its action would have to be decided on the basis of the full circumstances of the moment and would therefore be unpredictable. Hence the familiar fact that the more the state "plans," the more difficult planning becomes for the individual.

The second, moral or political, argument is even more directly relevant to the point under discussion. If the state is precisely to foresee the incidence of its actions, it means that it can leave those affected no choice. Wherever the state can exactly foresee the effects on particular people of alternative courses of action, it is also the state which chooses between the different ends. If we want to create new opportunities open to all, to offer chances of which people can make what use they like, the precise results cannot be foreseen. General rules, genuine laws as distinguished from specific orders, must therefore be intended to operate in circumstances which cannot be foreseen in detail, and, therefore, their effect on particular ends or particular people cannot be known beforehand. It is in this sense alone that it is at all possible for the legislator to be impartial. To be impartial means to have no answer to certain questions—to the kind of questions which, if we have to decide them, we decide by tossing a coin. In a world where everything was precisely foreseen, the state could hardly do anything and remain impartial.

Where the precise effects of government policy on particular people are known, where the government aims directly at such particular effects, it cannot help knowing these effects, and therefore it cannot be impartial. It must, of necessity, take sides, impose its valuations upon people and, instead of assisting them in the advancement of their own ends, choose the ends for them. As soon as the particular effects are foreseen at the time a law is made, it ceases to be a mere instrument to be used by the people and becomes instead an instrument used by the lawgiver upon the people and for his ends. The state ceases to be a piece of utilitarian machinery intended to help individuals in the fullest development of their individual personality and becomes a "moral" institution—where "moral" is not used in contrast to immoral but describes an institution which imposes on its members its views on all moral questions, whether these views be moral or highly immoral. In this sense the Nazi or any other collectivist state is "moral," while the liberal state is not.

Perhaps it will be said that all this raises no serious problem because in the kind of questions which the economic planner would have to decide he need not and should not be guided by his individual prejudices but could rely on the general conviction of what is fair and reasonable. This contention usually receives support from those who have experience of planning in a particular industry and who find that there is no insuperable difficulty about arriving at a decision which all those immediately interested will accept as fair. The reason why this experience proves nothing is, of course, the selection of the "interests" concerned when planning is confined to a particular industry. Those most immediately interested in a particular issue are not necessarily the best judges of the interests of society as a whole. To take only the most characteristic case: when capital and labor in an industry agree on some policy of restriction and thus exploit the consumers, there is usually no difficulty about the division of

the spoils in proportion to former earnings or on some similar principle. The loss which is divided between thousands or millions is usually either simply disregarded or quite inadequately considered. If we want to test the usefulness of the principle of "fairness" in deciding the kind of issues which arise in economic planning, we must apply it to some question where the gains and the losses are seen equally clearly. In such instances it is readily recognized that no general principle such as fairness can provide an answer. When we have to choose between higher wages for nurses or doctors and more extensive services for the sick, more milk for children and better wages for agricultural workers, or between employment for the unemployed or better wages for those already employed, nothing short of a complete system of values in which every want of every person or group has a definite place is necessary to provide an answer.

In fact, as planning becomes more and more extensive, it becomes regularly necessary to qualify legal provisions increasingly by reference to what is "fair" or "reasonable"; this means that it becomes necessary to leave the decision of the concrete case more and more to the discretion of the judge or authority in question. One could write a history of the decline of the Rule of Law, the disappearance of the *Rechtsstaat,* in terms of the progressive introduction of these vague formulas into legislation and jurisdiction, and of the increasing arbitrariness and uncertainty of, and the consequent disrespect for, the law and the judicature, which in these circumstances could not but become an instrument of policy.[3] It is important to point out once more in this connection that this process of the decline of the Rule of Law had been going on steadily in Germany for some time before Hitler came into power and that a policy well advanced toward totalitarian planning had already done a great deal of the work which Hitler completed.

There can be no doubt that planning necessarily involves deliberate discrimination between particular needs of different people, and allowing one man to do what another must be prevented from doing. It must lay down by a legal rule how well off particular people shall be and what different people are to be allowed to have and do. It means in effect a return to the rule of status, a reversal of the "movement of progressive societies" which, in the famous phrase of Sir Henry Maine, "has hitherto been a movement from status to contract."[4] Indeed, the Rule of Law, more than the rule of contract, should prob-

[3] [Hayek discusses the decline of the rule of law in *The Constitution of Liberty,* op. cit., chapter 16. —Ed.]

[4] [Sir Henry Maine, *Ancient Law: Its Connection with the Early History of Society and Its Relation to Modern Ideas.* Fourth American edition from the tenth London edition (New York: Henry Holt, 1906), p. 165. English jurist and historian Sir Henry Maine (1822–1888), from 1877 the Whewell professor of international law at Cambridge, wrote extensively on the origins and growth of legal and social institutions. The line is taken from the final sentence of chapter 5, titled "Primitive Society and Ancient Law." —Ed.]

ably be regarded as the true opposite of the rule of status. It is the Rule of Law, in the sense of the rule of formal law, the absence of legal privileges of particular people designated by authority, which safeguards that equality before the law which is the opposite of arbitrary government.

A necessary, and only apparently paradoxical, result of this is that formal equality before the law is in conflict, and in fact incompatible, with any activity of the government deliberately aiming at material or substantive equality of different people, and that any policy aiming directly at a substantive ideal of distributive justice must lead to the destruction of the Rule of Law. To produce the same result for different people, it is necessary to treat them differently. To give different people the same objective opportunities is not to give them the same subjective chance. It cannot be denied that the Rule of Law produces economic inequality—all that can be claimed for it is that this inequality is not designed to affect particular people in a particular way. It is very significant and characteristic that socialists (and Nazis) have always protested against "merely" formal justice, that they have always objected to a law which had no views on how well off particular people ought to be,[5] and that they have always demanded a "socialization of the law," attacked the independence of judges, and at the same time given their support to all such movements as the *Freirechtsschule* which undermined the Rule of Law.

It may even be said that for the Rule of Law to be effective it is more important that there should be a rule applied always without exceptions than what this rule is. Often the content of the rule is indeed of minor importance, provided the same rule is universally enforced. To revert to a former example: it does not matter whether we all drive on the left- or on the right-hand side of the road so long as we all do the same. The important thing is that the rule enables us to predict other people's behavior correctly, and this requires that it should apply to all cases—even if in a particular instance we feel it to be unjust.

The conflict between formal justice and formal equality before the law, on the one hand, and the attempts to realize various ideals of substantive justice and equality, on the other, also accounts for the widespread confusion about the

[5] It is therefore not altogether false when the legal theorist of National Socialism, Carl Schmitt, opposes to the liberal *Rechtstaat* (i.e., the Rule of Law) the National Socialist ideal of the *gerechte Staat* ("the just state")—only that the sort of justice which is opposed to formal justice necessarily implies discrimination between persons. [German jurist Carl Schmitt (1888–1985) was a critic of liberal parliamentarianism and defender of the authoritarian state. In the 1930s he attempted to reconcile his views with those of the Nazis, offering legal justifications of their takeover of the government and defending the Nuremberg Laws that excluded Jews from public and social life. Though he lost favor with the Nazis by 1936, outside of Germany he was often viewed as the legal theorist of National Socialism. Hayek also refers to the *Freirechtsschule,* which is the German term for "legal realism," a doctrine that holds that instinct rather than rule-following is the actual basis of judicial interpretation of the law. —Ed.]

concept of "privilege" and its consequent abuse. To mention only the most important instance of this abuse—the application of the term "privilege" to property as such. It would indeed be privilege if, for example, as has sometimes been the case in the past, landed property were reserved to members of the nobility. And it is privilege if, as is true in our time, the right to produce or sell particular things is reserved to particular people designated by authority. But to call private property as such, which all can acquire under the same rules, a privilege, because only some succeed in acquiring it, is depriving the word "privilege" of its meaning.

The unpredictability of the particular effects, which is the distinguishing characteristic of the formal laws of a liberal system, is also important because it helps us to clear up another confusion about the nature of this system: the belief that its characteristic attitude is inaction of the state. The question whether the state should or should not "act" or "interfere" poses an altogether false alternative, and the term "laissez faire" is a highly ambiguous and misleading description of the principles on which a liberal policy is based. Of course, every state must act and every action of the state interferes with something or other. But that is not the point. The important question is whether the individual can foresee the action of the state and make use of this knowledge as a datum in forming his own plans, with the result that the state cannot control the use made of its machinery and that the individual knows precisely how far he will be protected against interference from others, or whether the state is in a position to frustrate individual efforts. The state controlling weights and measures (or preventing fraud and deception in any other way) is certainly acting, while the state permitting the use of violence, for example, by strike pickets, is inactive. Yet it is in the first case that the state observes liberal principles and in the second that it does not. Similarly with respect to most of the general and permanent rules which the state may establish with regard to production, such as building regulations or factory laws: these may be wise or unwise in the particular instance, but they do not conflict with liberal principles so long as they are intended to be permanent and are not used to favor or harm particular people. It is true that in these instances there will, apart from the long-run effects which cannot be predicted, also be short-run effects on particular people which may be clearly known. But with this kind of laws the short-run effects are in general not (or at least ought not to be) the guiding consideration. As these immediate and predictable effects become more important compared with the long-run effects, we approach the border line where the distinction, however clear in principle, becomes blurred in practice.

The Rule of Law was consciously evolved only during the liberal age and is one of its greatest achievements, not only as a safeguard but as the legal embodiment of freedom. As Immanuel Kant put it (and Voltaire expressed it before

him in very much the same terms), "Man is free if he needs to obey no person but solely the laws."[6] As a vague ideal it has, however, existed at least since Roman times, and during the last few centuries it has never been so seriously threatened as it is today. The idea that there is no limit to the powers of the legislator is in part a result of popular sovereignty and democratic government. It has been strengthened by the belief that, so long as all actions of the state are duly authorized by legislation, the Rule of Law will be preserved. But this is completely to misconceive the meaning of the Rule of Law. This rule has little to do with the question whether all actions of government are legal in the juridical sense. They may well be and yet not conform to the Rule of Law. The fact that someone has full legal authority to act in the way he does gives no answer to the question whether the law gives him power to act arbitrarily or whether the law prescribes unequivocally how he has to act. It may well be that Hitler has obtained his unlimited powers in a strictly constitutional manner and that whatever he does is therefore legal in the juridical sense. But who would suggest for that reason that the Rule of Law still prevails in Germany?

To say that in a planned society the Rule of Law cannot hold is, therefore, not to say that the actions of the government will not be legal or that such a society will necessarily be lawless. It means only that the use of the government's coercive powers will no longer be limited and determined by pre-established rules. The law can, and to make a central direction of economic activity possible must, legalize what to all intents and purposes remains arbitrary action. If the law says that such a board or authority may do what it pleases, anything that board or authority does is legal—but its actions are certainly not subject to the Rule of Law. By giving the government unlimited powers, the most arbitrary rule can be made legal; and in this way a democracy may set up the most complete despotism imaginable.[7]

[6] [I was unable to locate the quotation attributed to Kant, but for the other, Hayek refers to François Marie Arouet de Voltaire, *Oeuvres Complète de Voltaire*, vol. 23 (Paris: Garnier, 1879), p. 526, where Voltaire writes, "La liberté consiste à ne dépendre que des lois." —Ed.]

[7] The conflict is thus *not*, as it has often been misconceived in nineteenth-century discussions, one between liberty and law. As John Locke had already made clear, there can be no liberty without law. The conflict is between different kinds of law—law so different that it should hardly be called by the same name: one is the law of the Rule of Law, general principles laid down beforehand, the "rules of the game" which enable individuals to foresee how the coercive apparatus of the state will be used, or what he and his fellow-citizens will be allowed to do, or made to do, in stated circumstances. The other kind of law gives in effect the authority power to do what it thinks fit to do. Thus the Rule of Law could clearly not be preserved in a democracy that undertook to decide every conflict of interests not according to rules previously laid down but "on its merits." [Locke described the state of nature as "a state of perfect freedom." He went on to say, however, that men form civil societies and submit themselves to laws in order better to preserve their liberty and property. See John Locke, *Two Treatises of Government*, ed. Peter Laslett (Cambridge: Cambridge University Press, 1988), Treatise 2, chapters 4, 9. —Ed.]

If, however, the law is to enable authorities to direct economic life, it must give them powers to make and enforce decisions in circumstances which cannot be foreseen and on principles which cannot be stated in generic form. The consequence is that, as planning extends, the delegation of legislative powers to diverse boards and authorities becomes increasingly common. When before the last war, in a case to which the late Lord Hewart has recently drawn attention, Mr. Justice Darling said that "Parliament had enacted only last year that the Board of Agriculture in acting as they did should be no more impeachable than Parliament itself," this was still a rare thing.[8] It has since become an almost daily occurrence. Constantly the broadest powers are conferred on new authorities which, without being bound by fixed rules, have almost unlimited discretion in regulating this or that activity of the people.

The Rule of Law thus implies limits to the scope of legislation: it restricts it to the kind of general rules known as formal law and excludes legislation either directly aimed at particular people or at enabling anybody to use the coercive power of the state for the purpose of such discrimination. It means, not that everything is regulated by law, but, on the contrary, that the coercive power of the state can be used only in cases defined in advance by the law and in such a way that it can be foreseen how it will be used. A particular enactment can thus infringe the Rule of Law. Anyone ready to deny this would have to contend that whether the Rule of Law prevails today in Germany, Italy, or Russia depends on whether the dictators have obtained their absolute power by constitutional means.[9]

Whether, as in some countries, the main applications of the Rule of Law are laid down in a bill of rights or in a constitutional code, or whether the principle is

[8] [English jurist Charles John, First Baron Darling (1849–1936) served as a conservative MP, a judge, and a member of several royal commissions. For more on Lord Hewart, see the foreword to the 1956 American paperback edition, note 25. —Ed.]

[9] Another illustration of an infringement of the Rule of Law by legislation is the case of the bill of attainder, familiar in the history of England. The form which the Rule of Law takes in criminal law is usually expressed by the Latin tag *nulla poena sine lege*—no punishment without a law expressly prescribing it. The essence of this rule is that the law must have existed as a general rule before the individual case arose to which it is to be applied. Nobody would argue that, when in a famous case in Henry VIII's reign Parliament resolved with respect to the Bishop of Rochester's cook that "the said Richard Rose shall be boiled to death without having the advantage of his clergy," this act was performed under the Rule of Law. But while the Rule of Law had become an essential part of criminal procedure in all liberal countries, it cannot be preserved in totalitarian regimes. There, as E. B. Ashton has well expressed it, the liberal maxim is replaced by the principle *nullum crimen sine poena*—no "crime" must remain without punishment, whether the law explicitly provides for it or not. "The rights of the state do not end with punishing law breakers. The community is entitled to whatever may seem necessary to the protection of its interests—of which observance of the law, as it stands, is only one of the more elementary requirements." See E. B. Ashton, *The Fascist: His State and His Mind*, op. cit., p. 127. What is an infringement of

merely a firmly established tradition, matters comparatively little. But it will readily be seen that, whatever form it takes, any such recognized limitations of the powers of legislation imply the recognition of the inalienable right of the individual, inviolable rights of man.

It is pathetic but characteristic of the muddle into which many of our intellectuals have been led by the conflicting ideals in which they believe that a leading advocate of the most comprehensive central planning like H. G. Wells should at the same time write an ardent defense of the rights of man.[10] The individual rights which Mr. Wells hopes to preserve would inevitably obstruct the planning which he desires. To some extent he seems to realize the dilemma, and we find therefore the provisions of his proposed "Declaration of the Rights of Man" so hedged about with qualifications that they lose all significance. While, for instance, his declaration proclaims that every man "shall have the right to buy and sell without any discriminatory restrictions anything which may be lawfully bought and sold," which is admirable, he immediately proceeds to make the whole provision nugatory by adding that it applies only to buying and selling "in such quantities and with such reservations as are compatible with the common welfare."[11] But since, of course, all restrictions ever imposed upon buying or selling anything are supposed to be necessary in the interest of the "common welfare," there is really no restriction which this clause effectively prevents and no right of the individual that is safeguarded by it.

Or, to take another basic clause, the declaration states that every man "may engage in any lawful occupation" and that "he is entitled to paid employment and to a free choice whenever there is any variety of employment open to him."[12] It is not stated, however, who is to decide whether a particular employment is "open" to a particular person, and the added provision that "he may suggest employment for himself and have his claim publicly considered, accepted or dismissed,"[13] shows that Mr. Wells is thinking in terms of an authority which decides whether a man is "entitled" to a particular position—which certainly

"the interests of the community" is, of course, decided by the authorities. [Hayek incorrectly listed Ashton's quote as being found on p. 119, not 127. —Ed.]

[10] [English novelist H. G. Wells (1866–1946) is best remembered today for such science fiction classics as *The Time Machine* and *The War of the Worlds*. In his day he was also known for his biting social satires, contributions to popular history, and involvement with numerous progressive causes. In 1939 he drafted a "Declaration of the Rights of Man" that was published in *The Daily Herald* and other newspapers, and which elicited much commentary. Some of these ideas were later worked into the Universal Declaration of Human Rights that was adopted by the UN General Assembly in December 1948. Wells's "Declaration" was reprinted under the title "Ten Points for World Peace," *Current History*, vol. 51, March 1940, pp. 16–18, from which subsequent citations are taken. —Ed.]

[11] [Wells, "Ten Points for World Peace," op. cit., p. 18. —Ed.]

[12] [*Ibid.* —Ed.]

[13] [*Ibid.* —Ed.]

means the opposite of free choice of occupation. And how in a planned world "freedom of travel and migration" is to be secured when not only the means of communication and currencies are controlled but also the location of industries planned, or how the freedom of the press is to be safeguarded when the supply of paper and all the channels of distribution are controlled by the planning authority, are questions to which Mr. Wells provides as little answer as any other planner.

In this respect much more consistency is shown by the more numerous reformers who, ever since the beginning of the socialist movement, have attacked the "metaphysical" idea of individual rights and insisted that in a rationally ordered world there will be no individual rights but only individual duties. This, indeed, has become the much more common attitude of our so-called "progressives," and few things are more certain to expose one to the reproach of being a reactionary than if one protests against a measure on the grounds that it is a violation of the rights of the individual. Even a liberal paper like the *Economist* was a few years ago holding up to us the example of the French, of all people, who had learned the lesson that "democratic government no less than dictatorship must always [*sic*] have plenary powers *in posse*, without sacrificing their democratic and representative character. There is no restrictive penumbra of individual rights that can never be touched by government in administrative matters whatever the circumstances. There is no limit to the power of ruling which can and should be taken by a government freely chosen by the people and can be fully and openly criticised by an opposition."[14]

This may be inevitable in wartime, when, of course, even free and open criticism is necessarily restricted. But the "always" in the statement quoted does not suggest that the *Economist* regards it as a regrettable wartime necessity. Yet as a permanent institution this view is certainly incompatible with the preservation of the Rule of Law, and it leads straight to the totalitarian state. It is, however, the view which all those who want the government to direct economic life must hold.

How even a formal recognition of individual rights, or of the equal rights of minorities, loses all significance in a state which embarks on a complete control of economic life, has been amply demonstrated by the experience of the various Central European countries. It has been shown there that it is possible to pursue a policy of ruthless discrimination against national minorities by the use of recognized instruments of economic policy without ever infringing the letter of the statutory protection of minority rights. This oppression by means of economic policy was greatly facilitated by the fact that particular industries or activities were largely in the hands of a national minority, so that many a measure

[14][Hayek quotes from a leading article entitled, "True Democracy," *The Economist*, vol. 87, November 18, 1939, pp. 242–43. —Ed.]

aimed ostensibly against an industry or class was in fact aimed at a national minority. But the almost boundless possibilities for a policy of discrimination and oppression provided by such apparently innocuous principles as "government control of the development of industries" have been amply demonstrated to all those desirous of seeing how the political consequences of planning appear in practice.

cess by which it was slowly smothered in Germany. Where distinction and rank are achieved almost exclusively by becoming a salaried servant of the state, where to do one's assigned duty is regarded as more laudable than to choose one's own field of usefulness, where all pursuits that do not give a recognized place in the official hierarchy or a claim to a fixed income are regarded as inferior and even somewhat disreputable, it is too much to expect that many will long prefer freedom to security. And where the alternative to security in a dependent position is a most precarious position, in which one is despised alike for success and for failure, only few will resist the temptation of safety at the price of freedom. Once things have gone so far, liberty indeed becomes almost a mockery, since it can be purchased only by the sacrifice of most of the good things of this earth. In this state it is little surprising that more and more people should come to feel that without economic security liberty is "not worth having" and that they are willing to sacrifice their liberty for security. But it is disquieting to find Professor Harold Laski employing the very same argument which has perhaps done more than any other to induce the German people to sacrifice their liberty.[9]

There can be no question that adequate security against severe privation, and the reduction of the avoidable causes of misdirected effort and consequent disappointment, will have to be one of the main goals of policy. But if these endeavors are to be successful and are not to destroy individual freedom, security must be provided outside the market and competition be left to function unobstructed. Some security is essential if freedom is to be preserved, because most men are willing to bear the risk which freedom inevitably involves only so long as that risk is not too great. But while this is a truth of which we must never lose sight, nothing is more fatal than the present fashion among intellectual leaders of extolling security at the expense of freedom. It is essential that we should relearn frankly to face the fact that freedom can be had only at a price and that as individuals we must be prepared to make severe material sacrifices to preserve our liberty. If we want to retain this, we must regain the conviction on which the rule of liberty in the Anglo-Saxon countries has been based and which Benjamin Franklin expressed in a phrase applicable to us in our lives as individuals no less than as nations: "Those who would give up essential liberty to purchase a little temporary safety deserve neither liberty nor safety."[10]

[9]H. J. Laski, *Liberty in the Modern State* (Harmondsworth: Penguin Books Ltd., 1937), Pelican Books ed., p. 51: "Those who know the normal life of the poor, its haunting sense of impending disaster, its fitful search for beauty which perpetually eludes, will realise well enough that, without economic security, liberty is not worth having."

[10][Benjamin Franklin, "Pennsylvania Assembly: Reply to the Governor, November 11, 1755," now available in *The Papers of Benjamin Franklin*, ed. Leonard W. Labaree, vol. 6 (New Haven and London: Yale University Press, 1963), p. 242. —Ed.]

TEN

WHY THE WORST GET ON TOP

Power tends to corrupt, and absolute power corrupts absolutely.

—Lord Acton[1]

We must now examine a belief from which many who regard the advent of totalitarianism as inevitable derive consolation and which seriously weakens the resistance of many others who would oppose it with all their might if they fully apprehended its nature. It is the belief that the most repellent features of the totalitarian regimes are due to the historical accident that they were established by groups of blackguards and thugs. Surely, it is argued, if in Germany the creation of a totalitarian regime brought the Streichers and Killingers, the Leys and Heines, the Himmlers and Heydrichs to power, this may prove the viciousness of the German character but not that the rise of such people is the necessary consequence of a totalitarian system.[2] Why should it not be possible that the same sort of system, if it be necessary to achieve important ends, be run by decent people for the good of the community as a whole?

[1][Lord Acton, *Historical Essays and Studies*, ed. John Neville Figgis and Reginald Vere Laurence (London: Macmillan, 1919), p. 504. —Ed.]

[2][Hayek's list comprises a rogue's gallery of infamous National Socialist "blackguards and thugs." Journalist and politician Julius Streicher (1885–1946), an early associate of Hitler's, is remembered for the vehemence of his persecution of the Jews in his newspaper *Der Stürmer*. He was convicted of war crimes at Nuremburg and hanged. Manfred von Killinger (1886–1944) made his name in the early 1920s for his role in the assassination of Matthias Erzberger, the politician who signed the armistice. A member of the SA (*Sturmabteilung*), the brown-shirted storm troopers who served as the early army of the Nazi party, he later entered the diplomatic service. Killinger committed suicide in Bucharest as the Soviet army was entering the city. Robert Ley (1890–1945) was the guiding force behind the forced reorganization of the trade unions into a single labor front, as well as the *Kraft durch Freude* recreational movement within it. He hanged himself in Nuremberg before the proceedings there began. Edmund Heines (1897–1934) was a general in the SA and intimate associate of its leader, Ernst Röhm. He was executed in June 1934 during the "Night of the Long Knives" in which Hitler purged elements of the SA. Following the purge, the black-shirted SS (*Schutzstaffel*), which began as Hitler's personal bodyguard, was elevated above the SA, and Heinrich Himmler (1900–1945) was put in charge of both the SS and the Gestapo (*Geheime Staatspolizei*), or secret state police. Himmler expanded and transformed the SS into an elite guard that had among its tasks the administration of the concentration and extermination camps. Chief

We must not deceive ourselves into believing that all good people must be democrats or will necessarily wish to have a share in the government. Many, no doubt, would rather entrust it to somebody whom they think more competent. Although this might be unwise, there is nothing bad or dishonorable in approving a dictatorship of the good. Totalitarianism, we can already hear it argued, is a powerful system alike for good and evil, and the purpose for which it will be used depends entirely on the dictators. And those who think that it is not the system which we need fear, but the danger that it might be run by bad men, might even be tempted to forestall this danger by seeing that it is established in time by good men.

No doubt an American or English "Fascist" system would greatly differ from the Italian or German models; no doubt, if the transition were effected without violence, we might expect to get a better type of leader. And, if I had to live under a Fascist system, I have no doubt that I would rather live under one run by Englishmen or Americans than under one run by anybody else. Yet all this does not mean that, judged on our present standards, our Fascist system would in the end prove so very different or much less intolerable than its prototypes. There are strong reasons for believing that what to us appear the worst features of the existing totalitarian systems are not accidental by-products but phenomena which totalitarianism is certain sooner or later to produce. Just as the democratic statesman who sets out to plan economic life will soon be confronted with the alternative of either assuming dictatorial powers or abandoning his plans, so the totalitarian dictator would soon have to choose between disregard of ordinary morals and failure. It is for this reason that the unscrupulous and uninhibited are likely to be more successful in a society tending toward totalitarianism. Who does not see this has not yet grasped the full width of the gulf which separates totalitarianism from a liberal regime, the utter difference between the whole moral atmosphere under collectivism and the essentially individualist Western civilization.

The "moral basis of collectivism" has, of course, been much debated in the past; but what concerns us here is not its moral basis but its moral results. The usual discussions of the ethical aspects of collectivism refer to the question whether collectivism is demanded by existing moral convictions; or what moral convictions would be required if collectivism is to produce the hoped-for results. Our question, however, is what moral views will be produced by a collectivist organization of society, or what views are likely to rule it. The interaction between morals and institutions may well have the effect that the ethics pro-

architect of the holocaust, Himmler escaped the executioner by swallowing a cyanide tablet after his capture by the British. Reinhard Heydrich (1904–1942), known as "the hangman," was second in command to Himmler in the Gestapo. He was assassinated by the Czech resistance in 1942; the village of Lidice was razed and all its men executed in reprisal. —Ed.]

duced by collectivism will be altogether different from the moral ideals that lead to the demand for collectivism. While we are likely to think that, since the desire for a collectivist system springs from high moral motives, such a system must be the breeding-ground for the highest virtues, there is, in fact, no reason why any system should necessarily enhance those attitudes which serve the purpose for which it was designed. The ruling moral views will depend partly on the qualities that will lead individuals to success in a collectivist or totalitarian system and partly on the requirements of the totalitarian machinery.

We must here return for a moment to the position which precedes the suppression of democratic institutions and the creation of a totalitarian regime. In this stage it is the general demand for quick and determined government action that is the dominating element in the situation, dissatisfaction with the slow and cumbersome course of democratic procedure which makes action for action's sake the goal. It is then the man or the party who seems strong and resolute enough "to get things done" who exercises the greatest appeal. "Strong" in this sense means not merely a numerical majority—it is the ineffectiveness of parliamentary majorities with which people are dissatisfied. What they will seek is somebody with such solid support as to inspire confidence that he can carry out whatever he wants. It is here that the new type of party, organized on military lines, comes in.

In the Central European countries the socialist parties had familiarized the masses with political organizations of a semi-military character designed to absorb as much as possible of the private life of the members. All that was wanted to give one group overwhelming power was to carry the same principle somewhat further, to seek strength not in the assured votes of huge numbers at occasional elections but in the absolute and unreserved support of a smaller but more thoroughly organized body. The chance of imposing a totalitarian regime on a whole people depends on the leader's first collecting round him a group which is prepared voluntarily to submit to that totalitarian discipline which they are to impose by force upon the rest.

Although the socialist parties had the strength to get anything if they had cared to use force, they were reluctant to do so. They had, without knowing it, set themselves a task which only the ruthless ready to disregard the barriers of accepted morals can execute.

That socialism can be put into practice only by methods which most socialists disapprove is, of course, a lesson learned by many social reformers in the past. The old socialist parties were inhibited by their democratic ideals; they did not possess the ruthlessness required for the performance of their chosen task. It is characteristic that both in Germany and in Italy the success of fascism was preceded by the refusal of the socialist parties to take over the responsibilities of government. They were unwilling wholeheartedly to employ the meth-

ods to which they had pointed the way. They still hoped for the miracle of a majority's agreeing on a particular plan for the organization of the whole of society; others had already learned the lesson that in a planned society the question can no longer be on what do a majority of the people agree but what the largest single group is whose members agree sufficiently to make unified direction of all affairs possible; or, if no such group large enough to enforce its views exists, how it can be created and who will succeed in creating it.

There are three main reasons why such a numerous and strong group with fairly homogeneous views is not likely to be formed by the best but rather by the worst elements of any society. By our standards the principles on which such a group would be selected will be almost entirely negative.

In the first instance, it is probably true that, in general, the higher the education and intelligence of individuals become, the more their views and tastes are differentiated and the less likely they are to agree on a particular hierarchy of values. It is a corollary of this that if we wish to find a high degree of uniformity and similarity of outlook, we have to descend to the regions of lower moral and intellectual standards where the more primitive and "common" instincts and tastes prevail. This does not mean that the majority of people have low moral standards; it merely means that the largest group of people whose values are very similar are the people with low standards. It is, as it were, the lowest common denominator which unites the largest number of people. If a numerous group is needed, strong enough to impose their views on the values of life on all the rest, it will never be those with highly differentiated and developed tastes—it will be those who form the "mass" in the derogatory sense of the term, the least original and independent, who will be able to put the weight of their numbers behind their particular ideals.

If, however, a potential dictator had to rely entirely on those whose uncomplicated and primitive instincts happen to be very similar, their number would scarcely give sufficient weight to their endeavors. He will have to increase their numbers by converting more to the same simple creed.

Here comes in the second negative principle of selection: he will be able to obtain the support of all the docile and gullible, who have no strong convictions of their own but are prepared to accept a ready-made system of values if it is only drummed into their ears sufficiently loudly and frequently. It will be those whose vague and imperfectly formed ideas are easily swayed and whose passions and emotions are readily aroused who will thus swell the ranks of the totalitarian party.

It is in connection with the deliberate effort of the skillful demagogue to weld together a closely coherent and homogeneous body of supporters that the third and perhaps most important negative element of selection enters. It seems to be almost a law of human nature that it is easier for people to agree on a negative program—on the hatred of an enemy, on the envy of those better off—

than on any positive task. The contrast between the "we" and the "they," the common fight against those outside the group, seems to be an essential ingredient in any creed which will solidly knit together a group for common action. It is consequently always employed by those who seek, not merely support of a policy, but the unreserved allegiance of huge masses. From their point of view it has the great advantage of leaving them greater freedom of action than almost any positive program. The enemy, whether he be internal, like the "Jew" or the "kulak," or external, seems to be an indispensable requisite in the armory of a totalitarian leader.

That in Germany it was the Jew who became the enemy until his place was taken by the "plutocracies" was no less a result of the anticapitalist resentment on which the whole movement was based than the selection of the kulak in Russia. In Germany and Austria the Jew had come to be regarded as the representative of capitalism because a traditional dislike of large classes of the population for commercial pursuits had left these more readily accessible to a group that was practically excluded from the more highly esteemed occupations. It is the old story of the alien race's being admitted only to the less respected trades and then being hated still more for practicing them. The fact that German anti-Semitism and anticapitalism spring from the same root is of great importance for the understanding of what has happened there, but this is rarely grasped by foreign observers.

To treat the universal tendency of collectivist policy to become nationalistic as due entirely to the necessity for securing unhesitating support would be to neglect another and no less important factor. It may, indeed, be questioned whether anyone can realistically conceive of a collectivist program other than in the service of a limited group, whether collectivism can exist in any form other than that of some kind of particularism, be it nationalism, racialism, or classism. The belief in the community of aims and interests with fellow-men seems to presuppose a greater degree of similarity of outlook and thought than exists between men merely as human beings. If the other members of one's group cannot all be personally known, they must at least be of the same kind as those around us, think and talk in the same way and about the same kind of things, in order that we may identify ourselves with them. Collectivism on a world scale seems to be unthinkable—except in the service of a small ruling élite. It would certainly raise not only technical but, above all, moral problems which none of our socialists is willing to face. If the English proletarian, for instance, is entitled to an equal share of the income now derived from his country's capital resources, and of the control of their use, because they are the result of exploitation, so on the same principle all the Indians would be entitled not only to the income from but also to the use of a proportional share of the British capital.

But what socialists seriously contemplate the equal division of existing capital resources among the people of the world? They all regard the capital as belonging not to humanity but to the nation—though even within the nation few would dare to advocate that the richer regions should be deprived of some of "their" capital equipment in order to help the poorer regions. What socialists proclaim as a duty toward the fellow-members of the existing states they are not prepared to grant to the foreigner. From a consistent collectivist point of view the claims of the "have-not" nations for a new division of the world are entirely justified—though, if consistently applied, those who demand it most loudly would lose by it almost as much as the richest nations. They are, therefore, careful not to base their claims on any equalitarian principles but on their pretended superior capacity to organize other peoples.

One of the inherent contradictions of the collectivist philosophy is that, while basing itself on the humanistic morals which individualism has developed, it is practicable only within a relatively small group. That socialism so long as it remains theoretical is internationalist, while as soon as it is put into practice, whether in Russia or in Germany, it becomes violently nationalist, is one of the reasons why "liberal socialism" as most people in the Western world imagine it is purely theoretical, while the practice of socialism is everywhere totalitarian.[3] Collectivism has no room for the wide humanitarianism of liberalism but only for the narrow particularism of the totalitarian.

If the "community" or the state are prior to the individual, if they have ends of their own independent of and superior to those of the individuals, only those individuals who work for the same ends can be regarded as members of the community. It is a necessary consequence of this view that a person is respected only as a member of the group, that is, only if and in so far as he works for the recognized common ends, and that he derives his whole dignity only from this membership and not merely from being a man. Indeed, the very concepts of humanity and therefore of any form of internationalism are entirely products of the individualist view of man, and there can be no place for them in a collectivist system of thought.[4]

Apart from the basic fact that the community of collectivism can extend only as far as the unity of purpose of the individuals exists or can be created, several

[3] Cf. now the instructive discussion in Franz Borkenau, *Socialism, National or International?* (London: G. Routledge and Sons, 1942).

[4] It is entirely in the spirit of collectivism when Nietzsche makes his Zarathustra say:

"A thousand goals have existed hitherto, for a thousand people existed. But the fetter for the thousand necks is still lacking, the one goal is still lacking. Humanity has no goal yet.

"But tell me, I pray, my brethren: if the goal be lacking to humanity, is not humanity itself lacking?"

[Hayek quotes from Friedrich Nietzsche's *Thus Spake Zarathustra;* the passage appears at the end of chapter 15. —Ed.]

contributory factors strengthen the tendency of collectivism to become particularist and exclusive. Of these, one of the most important is that the desire of the individual to identify himself with a group is very frequently the result of a feeling of inferiority and that therefore his want will be satisfied only if membership of the group confers some superiority over outsiders. Sometimes, it seems, the very fact that these violent instincts which the individual knows he must curb within the group can be given a free range in the collective action toward the outsider, becomes a further inducement for merging personality in that of the group. There is a profound truth expressed in the title of Reinhold Niebuhr's *Moral Man and Immoral Society*—however little we can follow him in the conclusions he draws from his thesis. There is, indeed, as he says elsewhere, "an increasing tendency among modern men to imagine themselves ethical because they have delegated their vices to larger and larger groups."[5] To act on behalf of a group seems to free people of many of the moral restraints which control their behavior as individuals within the group.

The definitely antagonistic attitude which most planners take toward internationalism is further explained by the fact that in the existing world all outside contacts of a group are obstacles to their effectively planning the sphere in which they can attempt it. It is therefore no accident that, as the editor of one of the most comprehensive collective studies on planning has discovered to his chagrin, "most 'planners' are militant nationalists."[6]

The nationalist and imperialist propensities of socialist planners, much more common than is generally recognized, are not always as flagrant as, for example, in the case of the Webbs and some of the other early Fabians, with whom enthusiasm for planning was characteristically combined with the veneration for the large and powerful political units and a contempt for the small state. The historian Élie Halévy, speaking of the Webbs when he first knew them forty years ago, records that their socialism was profoundly antiliberal. "They did not hate the Tories, indeed they were extraordinarily lenient to them, but they had no mercy for Gladstonian Liberalism. It was the time of the Boer War and both the advanced liberals and the men who were beginning to form the Labour Party had generously sided with the Boers against British

[5] Quoted from an article of Dr. Niebuhr's by E. H. Carr, *The Twenty Years' Crisis, 1919–1939: An Introduction to the Study of International Relations* (London: Macmillan, 1940), p. 203. [The article that Carr quotes from was Reinhold Niebuhr, "A Critique of Fascism," *Atlantic Monthly*, vol. 139, May 1927, p. 639. The American protestant theologian Reinhold Niebuhr (1892–1971) was an advocate of Christian realism. In his *Moral Man and Immoral Society*, op. cit., Niebuhr examined the implications of the idea that social groups often engage in practices that would be considered repugnant on the individual level. —Ed.]

[6] Findlay MacKenzie, ed. *Planned Society, Yesterday, Today, Tomorrow: A Symposium by Thirty-Five Economists, Sociologists, and Statesmen*, op. cit., p. xx. [Hayek's 1938 review of the MacKenzie volume is reprinted in F. A. Hayek, *Socialism and War*, op. cit., pp. 242–44. —Ed.]

Imperialism, in the name of freedom and humanity. But the two Webbs and their friend, Bernard Shaw, stood apart. They were ostentatiously imperialistic. The independence of small nations might mean something to the liberal individualist. It meant nothing to collectivists like themselves. I can still hear Sidney Webb explaining to me that the future belonged to the great administrative nations, where the officials govern and the police keep order." And elsewhere Halévy quotes George Bernard Shaw, arguing, about the same time, that "the world is to the big and powerful states by necessity; and the little ones must come within their border or be crushed out of existence."[7]

I have quoted at length these passages, which would not surprise one in a description of the German ancestors of National Socialism, because they provide so characteristic an example of that glorification of power which easily leads from socialism to nationalism and which profoundly affects the ethical views of all collectivists. So far as the rights of small nations are concerned, Marx and Engels were little better than most other consistent collectivists, and the views occasionally expressed about Czechs or Poles resemble those of contemporary National Socialists.[8]

While to the great individualist social philosophers of the nineteenth century, to a Lord Acton or a Jacob Burckhardt, down to contemporary socialists, like Bertrand Russell, who have inherited the liberal tradition, power itself has al-

[7] Élie Halévy, *L'ère des tyrannies*, op. cit., p. 217, and *A History of the English People*, vol. 1, *Epilogue*, translated by E. I. Watkin (London: Benn, 1929–1934), pp. 105–106. [Halévy's first book was translated as *The Era of Tyrannies: Essays on Socialism and War*, op. cit., and the discussion of the Webbs and Shaw may be found on page 271 of the translation. Irish playwright and essayist George Bernard Shaw (1856–1950) was an early member of the Fabian Society. His most famous work was *Pygmalion*, but he was also known in the interwar period for such tracts as *The Intelligent Woman's Guide to Socialism and Capitalism* (London: Constable, 1928). For more on the Webbs, see chapter 5, note 3. —Ed.]

[8] Cf. Karl Marx, *Revolution and Counter-revolution*, and Engels's letter to Marx, May 23, 1851. [*Revolution and Counter-revolution* is a history of the revolution of 1848, written by Friedrich Engels and originally published as articles in the *New York Tribune* between October 1851 and September 1852. It is reprinted in Friedrich Engels, *The German Revolutions* (Chicago: University of Chicago Press, 1967), and the discussion of the Poles and the "Tschechs" may be found on pp. 174–81. Though written by Engels, the articles were sent to the newspaper through Marx and published under Marx's name, which is why Hayek refers to Marx, rather than Engels, as the author.

Here is part of what Engels wrote to Marx in his letter of May 23, 1851: "The more I think about it, the more obvious it becomes to me that the Poles are *une nation foutue* [a finished nation] who can only continue to serve a purpose until such time as Russia herself becomes caught up into the agrarian revolution. From that moment Poland will have absolutely no raison d'être any more. The Poles' sole contribution to history has been to indulge in foolish pranks at once valiant and provocative. Nor can a single moment be cited when Poland, even if only by comparison with Russia, has successfully represented progress or done anything of historical significance." The Marx-Engels correspondence is available online at http://www.marxists.org/archive/marx/ —Ed.]

ways appeared the archevil, to the strict collectivist it is a goal in itself.[9] It is not only, as Russell has so well described, that the desire to organize social life according to a unitary plan itself springs largely from a desire for power.[10] It is even more the outcome of the fact that, in order to achieve their end, collectivists must create power—power over men wielded by other men—of a magnitude never before known, and that their success will depend on the extent to which they achieve such power.

This remains true even though many liberal socialists are guided in their endeavors by the tragic illusion that by depriving private individuals of the power they possess in an individualist system, and by transferring this power to society, they can thereby extinguish power. What all those who argue in this manner overlook is that, by concentrating power so that it can be used in the service of a single plan, it is not merely transferred but infinitely heightened; that, by uniting in the hands of some single body power formerly exercised independently by many, an amount of power is created infinitely greater than any that existed before, so much more far-reaching as almost to be different in kind. It is entirely fallacious when it is sometimes argued that the great power exercised by a central planning board would be "no greater than the power collectively exercised by private boards of directors."[11] There is, in a competitive society, nobody who can exercise even a fraction of the power which a socialist planning board would possess, and if nobody can consciously use the power, it is just an abuse of words to assert that it rests with all the capitalists put together.[12] It is merely a play upon words to speak of the "power collectively exercised by private boards of directors" so long as they do not combine to concerted action—which would, of course, mean the end of competition and the creation of a planned economy. To split or decentralize power is necessarily to reduce the

[9] [Swiss historian Jacob Burckhardt (1818–1897) wrote principally about the Italian renaissance and Greek civilization, hoping that knowledge of the foundations of European culture would serve as a bulwark against the social, political, and cultural upheavals that he witnessed in the nineteenth century. In his book *Force and Freedom: Reflections on History*, trans. James Hastings Nichols (New York: Pantheon, 1943), based on lectures he had delivered just prior to the formation of the German Empire, he presciently warned about coming periods of great national wars and of the dangers of all-powerful states. British philosopher Bertrand Russell (1872–1970), who made important contributions to the foundations of mathematics, logic, and analytic philosophy, was also a public figure famous for his antiwar activities, his frequent marriages and even more numerous affairs, and, later in life, his support of nuclear disarmament. —Ed.]

[10] Bertrand Russell, *The Scientific Outlook* (New York: W. W. Norton, 1931), p. 211.

[11] Benjamin E. Lippincott, in his Introduction to Oscar Lange and F. M. Taylor, *On the Economic Theory of Socialism*, op. cit., p. 35.

[12] We must not allow ourselves to be deceived by the fact that the word "power," apart from the sense in which it is used with respect to human beings, is also used in an impersonal (or rather anthropomorphic) sense for any determining cause. Of course, there will always be something that determines everything that happens, and in this sense the amount of power existing must always be the same. But this is not true of the power consciously wielded by human beings.

absolute amount of power, and the competitive system is the only system designed to minimize by decentralization the power exercised by man over man.

We have seen before how the separation of economic and political aims is an essential guaranty of individual freedom and how it is consequently attacked by all collectivists. To this we must now add that the "substitution of political for economic power" now so often demanded means necessarily the substitution of power from which there is no escape for a power which is always limited. What is called economic power, while it can be an instrument of coercion, is, in the hands of private individuals, never exclusive or complete power, never power over the whole life of a person. But centralized as an instrument of political power it creates a degree of dependence scarcely distinguishable from slavery.

From the two central features of every collectivist system, the need for a commonly accepted system of ends of the group and the all-overriding desire to give to the group the maximum of power to achieve these ends, grows a definite system of morals, which on some points coincides and on others violently contrasts with ours—but differs from it in one point which makes it doubtful whether we can call it morals: that it does not leave the individual conscience free to apply its own rules and does not even know any general rules which the individual is required or allowed to observe in all circumstances. This makes collectivist morals so different from what we have known as morals that we find it difficult to discover any principle in them, which they nevertheless possess.

The difference of principle is very much the same as that which we have already considered in connection with the Rule of Law. Like formal law, the rules of individualist ethics, however unprecise they may be in many respects, are general and absolute; they prescribe or prohibit a general type of action irrespective of whether in the particular instance the ultimate purpose is good or bad. To cheat or steal, to torture or betray a confidence, is held to be bad, irrespective of whether or not in the particular instance any harm follows from it. Neither the fact that in a given instance nobody may be the worse for it, nor any high purpose for which such an act may have been committed, can alter the fact that it is bad. Though we may sometimes be forced to choose between different evils, they remain evils.

The principle that the end justifies the means is in individualist ethics regarded as the denial of all morals. In collectivist ethics it becomes necessarily the supreme rule; there is literally nothing which the consistent collectivist must not be prepared to do if it serves "the good of the whole," because the "good of the whole" is to him the only criterion of what ought to be done. The *raison d'état*, in which collectivist ethics has found its most explicit formulation, knows no other limit than that set by expediency—the suitability of the particular act

for the end in view. And what the *raison d'état* affirms with respect to the relations between different countries applies equally to the relations between different individuals within the collectivist state. There can be no limit to what its citizen must be prepared to do, no act which his conscience must prevent him from committing, if it is necessary for an end which the community has set itself or which his superiors order him to achieve.

The absence of absolute formal rules in collectivist ethics does not, of course, mean that there are not some useful habits of the individuals which a collectivist community will encourage and others which it will discourage. Quite the reverse; it will take a much greater interest in the individual's habits of life than an individualist community. To be a useful member of a collectivist society requires very definite qualities which must be strengthened by constant practice. The reason why we designate these qualities as "useful habits" and can hardly describe them as moral virtues is that the individual could never be allowed to put these rules above any definite orders or to let them become an obstacle to the achievement of any of the particular aims of his community. They only serve, as it were, to fill any gaps which direct orders or the designation of particular aims may leave, but they can never justify a conflict with the will of the authority.

The differences between the virtues which will continue to be esteemed under a collectivist system and those which will disappear is well illustrated by a comparison of the virtues which even their worst enemies admit the Germans, or rather the "typical Prussian," to possess, and those of which they are commonly thought lacking and in which the English people, with some justification, used to pride themselves as excelling. Few people will deny that the Germans on the whole are industrious and disciplined, thorough and energetic to the degree of ruthlessness, conscientious and single-minded in any tasks they undertake; that they possess a strong sense of order, duty, and strict obedience to authority; and that they often show great readiness to make personal sacrifices and great courage in physical danger. All these make the German an efficient instrument in carrying out an assigned task, and they have accordingly been carefully nurtured in the old Prussian state and the new Prussian-dominated Reich. What the "typical German" is often thought to lack are the individualist virtues of tolerance and respect for other individuals and their opinions, of independence of mind and that uprightness of character and readiness to defend one's own convictions against a superior which the Germans themselves, usually conscious that they lack it, call *Zivilcourage*, of consideration for the weak and infirm, and of that healthy contempt and dislike of power which only an old tradition of personal liberty creates. Deficient they seem also in most of those little yet so important qualities which facilitate the intercourse

between men in a free society: kindliness and a sense of humor, personal modesty, and respect for the privacy and belief in the good intentions of one's neighbor.

After what we have already said it will not cause surprise that these individualist virtues are at the same time eminently social virtues—virtues which smooth social contacts and which make control from above less necessary and at the same time more difficult. They are virtues which flourish wherever the individualist or commercial type of society has prevailed and which are missing according as the collectivist or military type of society predominates—a difference which is, or was, as noticeable between the various regions of Germany as it has now become of the views which rule in Germany and those characteristic of the West. Until recently, at least, in those parts of Germany which have been longest exposed to the civilizing forces of commerce, the old commercial towns of the south and west and the Hanse towns, the general moral concepts were probably much more akin to those of the Western people than to those which have now become dominant all over Germany.

It would, however, be highly unjust to regard the masses of the totalitarian people as devoid of moral fervor because they give unstinted support to a system which to us seems a denial of most moral values. For the great majority of them the opposite is probably true: the intensity of the moral emotions behind a movement like that of National Socialism or communism can probably be compared only to those of the great religious movements of history. Once you admit that the individual is merely a means to serve the ends of the higher entity called society or the nation, most of those features of totalitarian regimes which horrify us follow of necessity. From the collectivist standpoint intolerance and brutal suppression of dissent, the complete disregard of the life and happiness of the individual, are essential and unavoidable consequences of this basic premise, and the collectivist can admit this and at the same time claim that his system is superior to one in which the "selfish" interests of the individual are allowed to obstruct the full realization of the ends the community pursues. When German philosophers again and again represent the striving for personal happiness as itself immoral and only the fulfilment of an imposed duty as praiseworthy, they are perfectly sincere, however difficult this may be to understand for those who have been brought up in a different tradition.

Where there is one common all-overriding end, there is no room for any general morals or rules. To a limited extent we ourselves experience this in wartime. But even war and the greatest peril had led in the democratic countries only to a very moderate approach to totalitarianism, very little setting-aside of all other values in the service of a single purpose. But where a few specific ends dominate the whole of society, it is inevitable that occasionally cruelty may become a duty; that acts which revolt all our feeling, such as the shooting of hostages or the killing of the old or sick, should be treated as mere matters

of expediency; that the compulsory uprooting and transportation of hundreds of thousands should become an instrument of policy approved by almost everybody except the victims; or that suggestions like that of a "conscription of woman for breeding purposes" can be seriously contemplated. There is always in the eyes of the collectivist a greater goal which these acts serve and which to him justifies them because the pursuit of the common end of society can know no limits in any rights or values of any individual.

But while for the mass of the citizens of the totalitarian state it is often unselfish devotion to an ideal, although one that is repellent to us, which makes them approve and even perform such deeds, this cannot be pleaded for those who guide its policy. To be a useful assistant in the running of a totalitarian state, it is not enough that a man should be prepared to accept specious justification of vile deeds; he must himself be prepared actively to break every moral rule he has ever known if this seems necessary to achieve the end set for him. Since it is the supreme leader who alone determines the ends, his instruments must have no moral convictions of their own. They must, above all, be unreservedly committed to the person of the leader; but next to this the most important thing is that they should be completely unprincipled and literally capable of everything. They must have no ideals of their own which they want to realize; no ideas about right or wrong which might interfere with the intentions of the leader. There is thus in the positions of power little to attract those who hold moral beliefs of the kind which in the past have guided the European peoples, little which could compensate for the distastefulness of many of the particular tasks, and little opportunity to gratify any more idealistic desires, to recompense for the undeniable risk, the sacrifice of most of the pleasures of private life and of personal independence which the posts of great responsibility involve. The only tastes which are satisfied are the taste for power as such and the pleasure of being obeyed and of being part of a well-functioning and immensely powerful machine to which everything else must give way.

Yet while there is little that is likely to induce men who are good by our standards to aspire to leading positions in the totalitarian machine, and much to deter them, there will be special opportunities for the ruthless and unscrupulous. There will be jobs to be done about the badness of which taken by themselves nobody has any doubt, but which have to be done in the service of some higher end, and which have to be executed with the same expertness and efficiency as any others. And as there will be need for actions which are bad in themselves, and which all those still influenced by traditional morals will be reluctant to perform, the readiness to do bad things becomes a path to promotion and power. The positions in a totalitarian society in which it is necessary to practice cruelty and intimidation, deliberate deception and spying, are numerous. Neither the Gestapo nor the administration of a concentration camp, neither the Ministry of Propaganda nor the SA or SS (or their Italian or Russian counter-

parts), are suitable places for the exercise of humanitarian feelings.[13] Yet it is through positions like these that the road to the highest positions in the totalitarian state leads. It is only too true when a distinguished American economist concludes from a similar brief enumeration of the duties of the authorities of a collectivist state that "they would have to do these things whether they wanted to or not: and the probability of the people in power being individuals who would dislike the possession and exercise of power is on a level with the probability that an extremely tender-hearted person would get the job of whipping-master in a slave plantation."[14]

We cannot, however, exhaust this subject here. The problem of the selection of the leaders is closely bound up with the wide problem of selection according to the opinions held, or rather according to the readiness with which a person conforms to an ever changing set of doctrines. And this leads us to one of the most characteristic moral features of totalitarianism: its relation to, and its effect on, all the virtues falling under the general heading of truthfulness. This is so big a subject that it requires a separate chapter.

[13][See this chapter, note 2, for more on the Gestapo, the SA, and the SS. —Ed.]

[14]Professor Frank H. Knight, "Book Review: Walter Lippmann's *The Good Society*," *Journal of Political Economy*, vol. 46, December 1938, p. 869.

ELEVEN

THE END OF TRUTH

It is significant that the nationalization of thought has proceeded everywhere pari passu with the nationalization of industry. —E. H. Carr[1]

The most effective way of making everybody serve the single system of ends toward which the social plan is directed is to make everybody believe in those ends. To make a totalitarian system function efficiently, it is not enough that everybody should be forced to work for the same ends. It is essential that the people should come to regard them as their own ends. Although the beliefs must be chosen for the people and imposed upon them, they must become their beliefs, a generally accepted creed which makes the individuals as far as possible act spontaneously in the way the planner wants. If the feeling of oppression in totalitarian countries is in general much less acute than most people in liberal countries imagine, this is because the totalitarian governments succeed to a high degree in making people think as they want them to.

This is, of course, brought about by the various forms of propaganda. Its technique is now so familiar that we need say little about it. The only point that needs to be stressed is that neither propaganda in itself nor the techniques employed are peculiar to totalitarianism and that what so completely changes its nature and effect in a totalitarian state is that all propaganda serves the same goal—that all the instruments of propaganda are coordinated to influence the individuals in the same direction and to produce the characteristic *Gleichschaltung* of all minds.[2] As a result, the effect of propaganda in totalitarian countries is different not only in magnitude but in kind from that of the propaganda made for different ends by independent and competing agencies. If all the sources of current information are effectively under one single control, it is no longer a question of merely persuading the people of this or that. The skillful propagan-

[1][E. H. Carr, *The Twenty Years' Crisis*, op. cit., p. 172. Carr actually uses the term nationalization of *opinion*, rather than nationalization of thought. —Ed.]

[2][*Gleichschaltung* is usually translated as "coordination," and is the term used to describe the Nazis' efforts to coordinate all political, economic, cultural, and even recreational activities in support of the state. The forced reorganization of the disparate trade unions into a single labor "front" is a standard example. —Ed.]

dist then has power to mold their minds in any direction he chooses, and even the most intelligent and independent people cannot entirely escape that influence if they are long isolated from all other sources of information.

While in the totalitarian states this status of propaganda gives it a unique power over the minds of the people, the peculiar moral effects arise not from the technique but from the object and scope of totalitarian propaganda. If it could be confined to indoctrinating the people with the whole system of values toward which the social effort is directed, propaganda would represent merely a particular manifestation of the characteristic features of collectivist morals which we have already considered. If its object were merely to teach the people a definite and comprehensive moral code, the problem would be solely whether this moral code is good or bad. We have seen that the moral code of a totalitarian society is not likely to appeal to us, that even the striving for equality by means of a directed economy can result only in an officially enforced inequality—an authoritarian determination of the status of each individual in the new hierarchical order—and that most of the humanitarian elements of our morals, the respect for human life, for the weak, and for the individual generally, will disappear. However repellent this may be to most people, and though it involves a change in moral standards, it is not necessarily entirely antimoral. Some features of such a system may even appeal to the sternest moralists of a conservative tint and seem to them preferable to the softer standards of a liberal society.

The moral consequences of totalitarian propaganda which we must now consider are, however, of an even more profound kind. They are destructive of all morals because they undermine one of the foundations of all morals: the sense of and the respect for truth. From the nature of its task, totalitarian propaganda cannot confine itself to values, to questions of opinion and moral convictions in which the individual always will conform more or less to the views ruling his community, but must extend to questions of fact where human intelligence is involved in a different way. This is so, first, because, in order to induce people to accept the official values, these must be justified, or shown to be connected with the values already held by the people, which usually will involve assertions about causal connections between means and ends; and, second, because the distinction between ends and means, between the goal aimed at and the measures taken to achieve it, is in fact never so clear cut and definite as any general discussion of these problems is likely to suggest; and because, therefore, people must be brought to agree not only with the ultimate aims but also with the views about the facts and possibilities on which the particular measures are based.

We have seen that agreement on that complete ethical code, that all-comprehensive system of values which is implicit in an economic plan, does not exist in a free society but would have to be created. But we must not assume

that the planner will approach his task aware of that need or that, even if he were aware of it, it would be possible to create such a comprehensive code in advance. He only finds out about the conflicts between different needs as he goes along, and he has to make his decisions as the necessity arises. The code of values guiding his decisions does not exist *in abstracto* before the decisions have to be made; it has to be created with the particular decisions. We have also seen how this inability to separate the general problem of values from the particular decisions makes it impossible that a democratic body, while unable to decide the technical details of a plan, should yet determine the values guiding it.

And while the planning authority will constantly have to decide issues on merits about which there exist no definite moral rules, it will have to justify its decisions to the people—or, at least, have somehow to make the people believe that they are the right decisions. Although those responsible for a decision may have been guided by no more than prejudice, some guiding principle will have to be stated publicly if the community is not merely passively to submit but actively to support the measure. The need to rationalize the likes and dislikes which, for lack of anything else, must guide the planner in many of his decisions, and the necessity of stating his reasons in a form in which they will appeal to as many people as possible, will force him to construct theories, i.e., assertions about the connections between facts, which then become an integral part of the governing doctrine.

This process of creating a "myth" to justify his action need not be conscious. The totalitarian leader may be guided merely by an instinctive dislike of the state of things he has found and a desire to create a new hierarchical order which conforms better to his conception of merit; he may merely know that he dislikes the Jews who seemed to be so successful in an order which did not provide a satisfactory place for him, and that he loves and admires the tall blond man, the "aristocratic" figure of the novels of his youth. So he will readily embrace theories which seem to provide a rational justification for the prejudices which he shares with many of his fellows. Thus a pseudoscientific theory becomes part of the official creed which to a greater or lesser degree directs everybody's action. Or the widespread dislike of the industrial civilization and a romantic yearning for country life, together with a (probably erroneous) idea about the special value of country people as soldiers, provide the basis for another myth: *Blut und Boden* ("blood and soil"), expressing not merely ultimate values but a whole host of beliefs about cause and effect which, once they have become ideals directing the activity of the whole community, must not be questioned.[3]

[3][*Blut und Boden*, a term first introduced by the historian Oswald Spengler, was the doctrine that the state rightly consists of people of a uniform race on their own land. The Nazis used it to justify a number of changes in agricultural policy, including the seizure of the land of non-Germans and the institution of the Hereditary Farm Law, which was meant to preserve an exclusively German peasantry as a source of bloodlines for the German *Volk*. —Ed.]

The need for such official doctrines as an instrument of directing and rallying the efforts of the people has been clearly foreseen by the various theoreticians of the totalitarian system. Plato's "noble lies" and Sorel's "myths" serve the same purpose as the racial doctrine of the Nazis or the theory of the corporative state of Mussolini.[4] They are all necessarily based on particular views about facts which are then elaborated into scientific theories in order to justify a preconceived opinion.

The most effective way of making people accept the validity of the values they are to serve is to persuade them that they are really the same as those which they, or at least the best among them, have always held, but which were not properly understood or recognized before. The people are made to transfer their allegiance from the old gods to the new under the pretense that the new gods really are what their sound instinct had always told them but what before they had only dimly seen. And the most efficient technique to this end is to use the old words but change their meaning. Few traits of totalitarian regimes are at the same time so confusing to the superficial observer and yet so characteristic of the whole intellectual climate as the complete perversion of language, the change of meaning of the words by which the ideals of the new regimes are expressed.

The worst sufferer in this respect is, of course, the word "liberty." It is a word used as freely in totalitarian states as elsewhere. Indeed, it could almost be said—and it should serve as a warning to us to be on our guard against all the tempters who promise us *New Liberties for Old*[5]—that wherever liberty as we understand it has been destroyed, this has almost always been done in the name of some new freedom promised to the people. Even among us we have "planners for freedom" who promise us a "collective freedom for the group," the nature of which may be gathered from the fact that its advocate finds it necessary to assure us that "naturally the advent of planned freedom does not mean that all [*sic*] earlier forms of freedom must be abolished." Dr. Karl Mannheim, from whose work[6] these sentences are taken, at least warns us that "a conception of freedom modelled on the preceding age is an obstacle to any real understanding of the problem." But his use of the word "freedom" is as misleading as

[4] [Plato's "noble lies" refers to the lies that the leaders of a republic must tell to get each person to fulfill the function that the leaders thought best suited his nature, thereby ensuring a stable society. The French philosopher Georges Sorel (1847–1922) argued that to be successful political opposition must use violence, and that "social myths" are necessary to inspire the necessary collective action. —Ed.]

[5] This is the title of a recent work by the historian Carl L. Becker. [Hayek refers to Carl Becker, *New Liberties for Old* (New Haven: Yale University Press, 1941). —Ed.]

[6] Karl Mannheim, *Man and Society in an Age of Reconstruction*, op. cit., p. 379. [Hayek incorrectly listed the quotation from Mannheim as appearing on p. 377. —Ed.]

it is in the mouth of totalitarian politicians. Like their freedom, the "collective freedom" he offers us is not the freedom of the members of society but the unlimited freedom of the planner to do with society what he pleases.[7] It is the confusion of freedom with power carried to the extreme.

In this particular case the perversion of the meaning of the word has, of course, been well prepared by a long line of German philosophers and, not least, by many of the theoreticians of socialism. But "freedom" or "liberty" are by no means the only words whose meaning has been changed into their opposites to make them serve as instruments of totalitarian propaganda. We have already seen how the same happens to "justice" and "law," "right" and "equality." The list could be extended until it includes almost all moral and political terms in general use.

If one has not one's self experienced this process, it is difficult to appreciate the magnitude of this change of the meaning of words, the confusion which it causes, and the barriers to any rational discussion which it creates. It has to be seen to be understood how, if one of two brothers embraces the new faith, after a short while he appears to speak a different language which makes any real communication between them impossible. And the confusion becomes worse because this change of meaning of the words describing political ideals is not a single event but a continuous process, a technique employed consciously or unconsciously to direct the people. Gradually, as this process continues, the whole language becomes despoiled, and words become empty shells deprived of any definite meaning, as capable of denoting one thing as its opposite and used solely for the emotional associations which still adhere to them.

It is not difficult to deprive the great majority of independent thought. But the minority who will retain an inclination to criticize must also be silenced. We have already seen why coercion cannot be confined to the acceptance of the ethical code underlying the plan according to which all social activity is directed. Since many parts of this code will never be explicitly stated, since many parts of the guiding scale of values will exist only implicitly in the plan, the plan itself in every detail, in fact every act of the government, must become sacrosanct and exempt from criticism. If the people are to support the common effort without hesitation, they must be convinced that not only the end aimed at but also the means chosen are the right ones. The official creed, to which adherence must be enforced, will therefore comprise all the views about facts on

[7] Peter Drucker, *The End of Economic Man*, op. cit., p. 74, correctly observes that "the less freedom there is, the more there is talk of the 'new freedom.' Yet this new freedom is a mere word which covers the exact contradiction of all that Europe ever understood by freedom. . . . The new freedom which is preached in Europe is, however, the right of the majority against the individual." [The first part of the quotation actually appears on page 79, and the last part on page 80. —Ed.]

which the plan is based. Public criticism or even expressions of doubt must be suppressed because they tend to weaken public support. As the Webbs report of the position in every Russian enterprise: "Whilst the work is in progress, any public expression of doubt, or even fear that the plan will not be successful, is an act of disloyalty and even of treachery because of its possible effects on the will and on the efforts of the rest of the staff."[8] When the doubt or fear expressed concerns not the success of a particular enterprise but of the whole social plan, it must be treated even more as sabotage.

Facts and theories must thus become no less the object of an official doctrine than views about values. And the whole apparatus for spreading knowledge—the schools and the press, radio and motion picture—will be used exclusively to spread those views which, whether true or false, will strengthen the belief in the rightness of the decisions taken by the authority; and all information that might cause doubt or hesitation will be withheld. The probable effect on the people's loyalty to the system becomes the only criterion for deciding whether a particular piece of information is to be published or suppressed. The situation in a totalitarian state is permanently and in all fields the same that it is elsewhere in some fields in wartime. Everything which might cause doubt about the wisdom of the government or create discontent will be kept from the people. The basis of unfavorable comparisons with conditions elsewhere, the knowledge of possible alternatives to the course actually taken, information which might suggest failure on the part of the government to live up to its promises or to take advantage of opportunities to improve conditions—all will be suppressed. There is consequently no field where the systematic control of information will not be practiced and uniformity of views not enforced.

This applies even to fields apparently most remote from any political interests and particularly to all the sciences, even the most abstract. That in the disciplines dealing directly with human affairs and therefore most immediately affecting political views, such as history, law, or economics, the disinterested search for truth cannot be allowed in a totalitarian system, and the vindication of the official views becomes the sole object, is easily seen and has been amply confirmed by experience. These disciplines have, indeed, in all totalitarian countries become the most fertile factories of the official myths which the rulers use to guide the minds and wills of their subjects. It is not surprising that in these spheres even the pretense that they search for truth is abandoned and that the authorities decide what doctrines ought to be taught and published.

Totalitarian control of opinion extends, however, also to subjects which at first seem to have no political significance. Sometimes it is difficult to explain

[8] Sidney and Beatrice Webb, *Soviet Communism: A New Civilization?* op. cit., vol. 2, p. 1038. [Hayek's 1936 review of the Webbs' book is reprinted in F. A. Hayek, *Socialism and War*, op. cit., pp. 239–42. —Ed.]

why particular doctrines should be officially proscribed or why others should be encouraged, and it is curious that these likes and dislikes are apparently somewhat similar in the different totalitarian systems. In particular, they all seem to have in common an intense dislike of the more abstract forms of thought—a dislike characteristically also shown by many of the collectivists among our scientists. Whether the theory of relativity is represented as a "Semitic attack on the foundation of Christian and Nordic physics" or opposed because it is "in conflict with dialectical materialism and Marxist dogma" comes very much to the same thing. Nor does it make much difference whether certain theorems of mathematical statistics are attacked because they "form part of the class struggle on the ideological frontier and are a product of the historical role of mathematics as the servant of the bourgeoisie," or whether the whole subject is condemned because "it provides no guaranty that it will serve the interest of the people." It seems that pure mathematics is no less a victim and that even the holding of particular views about the nature of continuity can be ascribed to "bourgeois prejudices." According to the Webbs, the *Journal for Marxist-Leninist Natural Sciences* has the following slogans: "We stand for Party in Mathematics. We stand for the purity of Marxist-Leninist theory in surgery."[9] The situation seems to be very similar in Germany. The *Journal of the National-Socialist Association of Mathematicians* is full of "party in mathematics," and one of the best-known German physicists, the Nobel prizeman Lenard, has summed up his lifework under the title *German Physics in Four Volumes*![10]

It is entirely in keeping with the whole spirit of totalitarianism that it condemns any human activity done for its own sake and without ulterior purpose. Science for science's sake, art for art's sake, are equally abhorrent to the Nazis, our socialist intellectuals, and the communists. *Every* activity must derive its justification from a conscious social purpose. There must be no spontaneous, unguided activity, because it might produce results which cannot be foreseen and for which the plan does not provide. It might produce something new, undreamed of in the philosophy of the planner. The principle extends even to games and amusements. I leave it to the reader to guess whether it was in Germany or in Russia that chess-players were officially exhorted that "we must finish once and for all with the neutrality of chess. We must condemn once and for all the formula 'chess for the sake of chess' like the formula 'art for art's sake.'"[11]

[9] [*Ibid.*, p. 1000. —Ed.]

[10] [The German physicist Philipp von Lenard (1862–1947) made a number of contributions to experimental physics, and under the Nazis held the title of Chief of German Physics. The four-volume work to which Hayek refers is *Deutsche Physik in Vier Bänden* (Munich: J. F. Lehmann, 1936–1937). —Ed.]

[11] [The speaker was Nikolai V. Krylenko, the People's Commissar for Justice, and he said this at a 1932 congress of chess players. The quotation is cited in full in Boris Souvarine, *Stalin: A Critical*

Incredible as some of these aberrations may appear, we must yet be on our guard not to dismiss them as mere accidental by-products which have nothing to do with the essential character of a planned or totalitarian system. They are not. They are a direct result of that same desire to see everything directed by a "unitary conception of the whole," of the need to uphold at all costs the views in the service of which people are asked to make constant sacrifices, and of the general idea that the knowledge and beliefs of the people are an instrument to be used for a single purpose. Once science has to serve, not truth, but the interests of a class, a community, or a state, the sole task of argument and discussion is to vindicate and to spread still further the beliefs by which the whole life of the community is directed. As the Nazi minister of justice has explained, the question which every new scientific theory must ask itself is: "Do I serve National Socialism for the greatest benefit of all?"[12]

The word "truth" itself ceases to have its old meaning. It describes no longer something to be found, with the individual conscience as the sole arbiter of whether in any particular instance the evidence (or the standing of those proclaiming it) warrants a belief; it becomes something to be laid down by authority, something which has to be believed in the interest of the unity of the organized effort and which may have to be altered as the exigencies of this organized effort require it.

The general intellectual climate which this produces, the spirit of complete cynicism as regards truth which it engenders, the loss of the sense of even the meaning of truth, the disappearance of the spirit of independent inquiry and of the belief in the power of rational conviction, the way in which differences of opinion in every branch of knowledge become political issues to be decided by authority, are all things which one must personally experience—no short description can convey their extent. Perhaps the most alarming fact is that contempt for intellectual liberty is not a thing which arises only once the totalitarian system is established but one which can be found everywhere among intellectuals who have embraced a collectivist faith and who are acclaimed as intellectual leaders even in countries still under a liberal regime. Not only is even the worst oppression condoned if it is committed in the name of socialism, and the creation of a totalitarian system openly advocated by people who pretend to speak for the scientists of liberal countries; intolerance, too, is openly extolled. Have we not recently seen a British scientific writer defend even Inquisition because in his opinion it "is beneficial to science when it protects

Survey of Bolshevism, translated by C. L. R. James (London: Alliance, 1939; reprinted, New York: Octagon, 1972), p. 575. —Ed.]

[12] [Franz Gurtner was the Nazi Minister of Justice from 1933 through 1941. Franz Schlegelberger followed as Acting Minister, and Otto Georg Thierack served as Minister from 1942 to 1945. It is not clear which one is responsible for the statement in the text. —Ed.]

a rising class"?[13] This view is, of course, practically indistinguishable from the views which led the Nazis to the persecution of men of science, the burning of scientific books, and the systematic eradication of the intelligentsia of the subjected people.

The desire to force upon the people a creed which is regarded as salutary for them is, of course, not a thing that is new or peculiar to our time. New, however, is the argument by which many of our intellectuals try to justify such attempts. There is no real freedom of thought in our society, so it is said, because the opinions and tastes of the masses are shaped by propaganda, by advertising, by the example of the upper classes, and by other environmental factors which inevitably force the thinking of the people into well-worn grooves. From this it is concluded that if the ideals and tastes of the great majority are always fashioned by circumstances which we can control, we ought to use this power deliberately to turn the thoughts of the people in what we think is a desirable direction.

Probably it is true enough that the great majority are rarely capable of thinking independently, that on most questions they accept views which they find ready-made, and that they will be equally content if born or coaxed into one set of beliefs or another. In any society freedom of thought will probably be of direct significance only for a small minority. But this does not mean that anyone is competent, or ought to have power, to select those to whom this freedom is to be reserved. It certainly does not justify the presumption of any group of people to claim the right to determine what people ought to think or believe. It shows a complete confusion of thought to suggest that, because under any sort of system the majority of people follow the lead of somebody, it makes no difference if everybody has to follow the same lead. To deprecate the value of intellectual freedom because it will never mean for everybody the same possibility of independent thought is completely to miss the reasons which give intellectual freedom its value. What is essential to make it serve its function as the prime mover of intellectual progress is not that everybody may be able to think or write anything but that any cause or idea may be argued by somebody. So long as dissent is not suppressed, there will always be some who will query the ideas ruling their contemporaries and put new ideas to the test of argument and propaganda.

This interaction of individuals, possessing different knowledge and different views, is what constitutes the life of thought. The growth of reason is a social process based on the existence of such differences. It is of its essence that its results cannot be predicted, that we cannot know which views will assist this growth and which will not—in short, that this growth cannot be governed by any views which we now possess without at the same time limiting it. To "plan" or "organize" the growth of mind, or, for that matter, progress in general, is a

[13] J. G. Crowther, *The Social Relations of Science* (New York: Macmillan, 1941), p. 333.

contradiction in terms. The idea that the human mind ought "consciously" to control its own development confuses individual reason, which alone can "consciously control" anything, with the interpersonal process to which its growth is due. By attempting to control it, we are merely setting bounds to its development and must sooner or later produce a stagnation of thought and a decline of reason.

The tragedy of collectivist thought is that, while it starts out to make reason supreme, it ends by destroying reason because it misconceives the process on which the growth of reason depends. It may indeed be said that it is the paradox of all collectivist doctrine and its demand for "conscious" control or "conscious" planning that they necessarily lead to the demand that the mind of some individual should rule supreme—while only the individualist approach to social phenomena makes us recognize the superindividual forces which guide the growth of reason. Individualism is thus an attitude of humility before this social process and of tolerance to other opinions and is the exact opposite of that intellectual *hubris* which is at the root of the demand for comprehensive direction of the social process.

TWELVE

THE SOCIALIST ROOTS OF NAZIISM

All antiliberal forces are combining against everything that is liberal.
—A. Moeller van den Bruck[1]

It is a common mistake to regard National Socialism as a mere revolt against reason, an irrational movement without intellectual background. If that were so, the movement would be much less dangerous than it is. But nothing could be further from the truth or more misleading. The doctrines of National Socialism are the culmination of a long evolution of thought, a process in which thinkers who have had great influence far beyond the confines of Germany have taken part. Whatever one may think of the premises from which they started, it cannot be denied that the men who produced the new doctrines were powerful writers who left the impress of their ideas on the whole of European thought. Their system was developed with ruthless consistency. Once one accepts the premises from which it starts, there is no escape from its logic. It is simply collectivism freed from all traces of an individualist tradition which might hamper its realization.

Though in this development German thinkers have taken the lead, they were by no means alone. Thomas Carlyle and Houston Stewart Chamberlain, Auguste Comte and Georges Sorel, are as much a part of that continuous development as any Germans.[2] The development of this strand of thought within Germany has been well traced recently by R. D. Butler in his study of *The Roots of National Socialism*.[3] But, although its persistence there through a hundred and fifty years in almost unchanged and ever recurring form, which emerges from that study, is rather frightening, it is easy to exaggerate the importance

[1][Arthur Moeller van den Bruck, *Das dritte Reich* (Hamburg: Hanseatische Verlagsanstalt, 1931), p. 102. An authorized condensed translation appeared in 1934; see Arthur Moeller van den Bruck, *Germany's Third Empire*, trans. E. O. Lorimer (London: G. Allen and Unwin, 1934; reprinted, New York: Fertig, 1971). —Ed.]

[2][For more on Carlyle and Chamberlain, see the author's introduction, note 4. For more on Comte and Sorel, see chapter 1, note 9, and chapter 11, note 4, respectively. —Ed.]

[3][Hayek refers here to Rohan Butler, *The Roots of National Socialism* (New York: E. P. Dutton, 1942). —Ed.]