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AS THE HARBINGERS of socialism tell us again and again, socialism will not only make all people rich but will also bring perfect freedom to everybody. The transition to socialism, declares Frederick Engels, the friend and collaborator of Marx, is the leap of mankind from the realm of necessity into the realm of freedom. Under capitalism, say the Communists, there is bondage for the immense majority; in the Soviet Union alone there is genuine liberty for all.

The treatment of this problem of freedom and bondage has been muddled by confounding it with the issues of the nature-given conditions of man's existence. In nature there is nothing that could be called freedom. Nature is inexorable necessity. It is the state of affairs into which all created beings are placed and with which they have to cope. Man has to adjust his conduct to the world as it is. He lacks the power to rise in rebellion against the "laws of nature." If he wants to substitute more satisfactory conditions for less satisfactory, he has to comply with them.

The concept of freedom and its antithesis make sense only in referring to the conditions of social cooperation among men. Social cooperation, the basis of any really human and civilized existence, can be achieved by two different methods. It can be cooperation by virtue of contract and voluntary coordination on the part of all individuals or it can be cooperation by virtue of command on the part of a Führer and compulsory subordination of the many. The latter system is authoritarian. In the libertarian system every individual is a moral person, that is, he is free to choose and to act and is responsible for his conduct. In the authoritarian system the supreme chief alone is a free agent while all the others are bondsmen subject to his discretion. Where the authoritarian system is fully established, as was for instance the case in the empire of the Inca in pre-Columbian America, the subjects are merely in a zoological sense human; virtually they are deprived of their specifically human faculty of choosing and acting and are not accountable for their conduct. It was in accordance with this degradation of man's moral dignity that the Nazi criminals declined any responsibility for their deeds by pointing out that all they did was to obey the orders of their superiors.

Western civilization is based upon the libertarian principle and all its achievements are the result of the actions of free men. Only in the frame of a free society is it meaningful to distinguish between what is good and ought to be done and what is bad and ought to be avoided. Only in such a free society has the individual the power to choose between morally commendable and morally reprehensible conduct.

Man is not a perfect being and there is no perfection in human affairs. Conditions in the free society are certainly in many regards unsatisfactory. There is still ample room for the endeavors of those who are intent upon fighting evil and raising the moral, intellectual and material level of mankind.

But the designs of the Communists, socialists, and all their allies aim at something else. They want to establish the authoritarian system. What they mean in extolling the benefits to be derived from what they call planning is a society in which all of the people should be prevented from planning their own conduct and from arranging their lives according to their own moral convictions. One plan alone should prevail, the plan of the great idol State (with a capital S.), the plan of the supreme chief of the government, enforced by the police. Every individual should be forced to renounce his autonomy and to obey, without asking questions, the orders issued from the Politburo, the Führer's secretariat. This is the kind of freedom that Engels had in mind. It is precisely the opposite of what the term freedom used to signify up to our age.

It was the great merit of Professor Friedrich von Hayek to have directed attention to the authoritarian character of the socialist schemes whether they are advocated by international or by nationalist socialists, by atheists or by misguided believers, by white-skinned or by dark-skinned fanatics. Although there have always been authors who exposed the authoritarianism of the socialist designs, the main criticism of socialism centered around its economic inadequacy and did not sufficiently deal with its effects upon the lives of the citizens. Because of this neglect of the human angle of the issue, the great majority of those supporting socialist policies vaguely assumed that the restriction of the individuals' freedom by a socialist regime will apply "only" to economic matters and will not affect freedom in non-economic affairs. But as Hayek in 1944 clearly pointed out in his book *The Road To Serfdom*, economic control is not merely control of a sector of human life that can be separated from the rest; it is the control of the means for all our ends. As the socialist state has sole control of the means, it has the power to determine which ends are to be served and what men are to strive for. It is not an accident that Marxian socialism in Russia and nationalist socialism in Germany resulted in the complete abolition of all civil liberties and the establishment of the most rigid despotism. Tyranny is the political corollary of socialism as representative government is the political corollary of the market economy.

Now Professor Hayek has enlarged and substantiated his ideas in a comprehensive treatise, *The Constitution of Liberty*.* In the first two parts of this book the author provides a brilliant exposition of the meaning of liberty and the creative powers of a free civilization. Endorsing the famous definition that describes liberty as the rule of laws and not of men, he analyzes the constitutional and legal foundations of a commonwealth of free citizens. He contrasts the two schemes of society's social and political organization, government by the people (repre-

**THE CONSTITUTION OF LIBERTY*. By F. A. Hayek. The University of Chicago Press. 1959. X + 570 pp. \$7.50.

sentative government), based upon legality, and government by the discretionary power of an authoritarian ruler or a ruling clique, an *Obrigkeit* as the Germans used to call it. Fully appreciating the moral, practical and material superiority of the former, he shows in detail what the legal requirements of such a state of affairs are and what has to be done in order to make it work and to defend it against the machinations of its foes.

Unfortunately, the third part of Professor Hayek's book is rather disappointing. Here the author tries to distinguish between socialism and the Welfare State. Socialism, he alleges, is on the decline; the Welfare State is supplanting it. And he thinks that the Welfare State is under certain conditions compatible with liberty.

In fact, the Welfare State is merely a method for transforming the market economy step by step into socialism. The original plan of socialist action as developed by Karl Marx in 1848 in the *Communist Manifesto* aimed at a gradual realization of socialism by a series of governmental measures. The ten most powerful of such measures were enumerated in the Manifesto. They are well known to everybody because they are the very measures that form the essence of the activities of the Welfare State, of Bismark's and the Kaiser's German Sozialpolitik as well as of the American New Deal and British Fabian Socialism. The *Communist Manifesto* calls these measures it suggests "economically insufficient and untenable," but it stresses the fact that "in the course of the movement" they outstrip themselves, necessitate further inroads upon the old social order, and are unavoidable as a means of entirely revolutionizing the mode of production."

Later, Marx adopted a different method for the policies of his party. He abandoned the tactics of a gradual approach to the total state of socialism and instead advocated a violent revolutionary overthrow of the "bourgeois" system that at one stroke should "liquidate" the "exploiters" and establish "the dictatorship of the proletariat." It was this that Lenin did in 1917 in Russia and what the Communist International plans to achieve everywhere. What separates the Communists from the advocates of the Welfare State is not the ultimate goal of their endeavors, but the methods by means of which they want to attain a goal that is common to both of them. The difference of opinions that divides them is the same that distinguishes the Marx of 1848 from the Marx of 1867, the year of the first publication of the first volume of *Das Kapital*.

However, the fact that Professor Hayek has misjudged the character of the Welfare State does not seriously detract from the value of his great book. For his searching analysis of the policies and concerns of the Welfare State shows to every thoughtful reader why and how these much praised welfare policies inevitably always fail. These policies never attain those — allegedly beneficial — ends which the government and the self-styled progressives who advocated them wanted to attain,

but—on the contrary—bring about a state of affairs which—from the very point of view of the government and its supporters—is even more unsatisfactory than the previous state of affairs they wanted to "improve." If the government does not repeal its first intervention, it is induced to supplement it by further acts of intervention. As these fail again, still more meddling with business is resorted to until all economic freedom has been virtually abolished. What emerges is the system of all-round planning, i.e., socialism of the type which the German Hindenburg plan was aiming at in the first World War and which was later put into effect by Hitler after his seizure of power and by the British Coalition Cabinet in the second World War.

The main error that prevents many of our contemporaries from adequately comprehending the significance of various party programs and the trend of the welfare policies is their failure to recognize that there is apart from outright nationalization of all plants and farms (as effected in Russia and China) a second method for the full realization of socialism. Under this system that is commonly called planning (or, in war time, war socialism) the various plants and farms remain outwardly and seemingly separate units, but they become entirely and unconditionally subject to the orders of the supreme planning authority. Every citizen, whatever his nominal position in the economic system may be, is bound to toil in strict compliance with the orders of the planning board, and his income—the amount he is permitted to spend for his consumption—is exclusively determined by these orders. Some labels and terms of the capitalistic system may be preserved, but they signify under the altered conditions something entirely different from what they used to signify in the market economy. Other terms may be changed. Thus in Hitler Germany the head of an outfit who supplanted the entrepreneur or the corporation president of the market economy was styled "shop manager" (*Betriebsführer*) and the labor force "retinue" (*Gefolgschaft*). As the theoretical pace-makers of this system, e.g., the late Professor Othmar Spann, has pointed out again and again, it retains only the name of private ownership, while in fact there is exclusively public—state—ownership.

Only by paying full attention to these fundamental issues can one form a correct appreciation of the political controversies in the nations of Western civilization. For if socialism and communism should succeed in these countries, it will be the socialism of the planning scheme and not the socialism of the nationalization scheme. The latter is a method applicable to predominantly agricultural countries like those of Eastern Europe and Asia. In the industrial countries of the West the planning scheme is more popular because even the most fanatical statolatrists shrink from directly nationalizing the intricate apparatus of modern manufacturing.

Yet, the "planning scheme" is just as destructive of freedom as the "nationalization scheme" and both lead on to the authoritarian state.