

F. A. Hayek, *The Road to Serfdom: Texts and Documents: The Definitive Edition*, Bruce J. Caldwell, ed. (Chicago: University of Chicago Press, 2007), pp. xi +268, \$15 (paperback). ISBN 0-226-32055-3.

The Road to Serfdom is the latest volume to appear in *The Collected Works of F. A. Hayek* and includes Hayek's canonical 1944 text, an introductory essay by Bruce Caldwell (general editor of Hayek's *Collected Works*) and Hayek's prefaces to the 1944 and 1976 editions. The edition also includes Hayek's lengthy 1956 foreword to the American paperback edition. This foreword had its origins in a postscript that Hayek drafted for a proposed 1948 edition of *The Road to Serfdom*. The volume also contains a rather interesting appendix of documents relating to the history and publication of *The Road to Serfdom*. Among these, Caldwell's inclusion of Hayek's previously unpublished 1933 *Nazi Socialism* and the reader's reports by Frank Knight and Jacob Marschak make the price of admission more than worthwhile! Indeed, anyone teaching a course on Hayek (and particularly the 1940s markets versus planning debate) owes a large debt of gratitude to Bruce Caldwell for bringing out this new edition of Hayek's classic work.

Interestingly, Knight and Marschak's readers' reports include objections to Hayek's thesis that would later become commonplace. For example, Knight takes Hayek to task for (among other things—the report is written by Frank Knight after all) oversimplifying the “course of events leading to the Nazi dictatorship in Germany” (p. 250). Similarly, noting that in the United States the “terms ‘plan’ and ‘socialism’ have often been used to include monetary and fiscal policies, social security, and even progressive income tax” (p. 251), Marschak, though generally favorable to Hayek's manuscript, suggests that Hayek's “non-economic chapters . . . are more impressive than the economic ones” (p. 251). As Caldwell notes, the University of Chicago Press initially asked Knight to evaluate Hayek's manuscript (p. 17). Knight suggested that “[h]ighly intelligent opinion can be found against . . . [Hayek's] view and it might be

well to get a report from someone who holds this contrary position. Such persons are to be found in this faculty and in the Economics Department” (p. 249). The Press then asked Marschak to write a report. As Marschak put it, “[t]hose who are not convinced in advance of Hayek’s thesis will probably learn from his argument even more than those who are” (p. 251).

Bruce Caldwell’s introductory essay provides an account of the origins and development of Hayek’s argument, together with an assessment of certain pervasive criticisms of Hayek’s thesis. While Caldwell rightly notes that many readers might find themselves rather surprised when first reading *The Road to Serfdom*, his remarks equally apply to any re-reading of Hayek’s thesis. For one thing, Hayek’s logic at every key juncture in his argument is rather questionable. This is particularly so in chapters 5 (Planning and Democracy) and 10 (Why the Worst Get on Top). In the former, Hayek dubiously assumes that all planners necessarily favor the imposition of any plan whatsoever (irrespective of plan content) over the “no planning” status quo. This latter logic similarly underpins Hayek’s argument in chapter 10 (see, for example, p. 159).

JHET readers are presumably rather familiar with Hayek’s thesis that command planning and a totalitarian polity go hand in hand. Accordingly, I turn my attention to Caldwell’s introductory essay and helpful editorial notes. Though Caldwell’s note explaining Hayek’s 1956 (1956, p. 47) reference to “labor conscription” rightly explains that Hayek was referring to the 1947 Control of Engagements Order (officials had statutory powers to direct workers changing job to enter an “essential industry”), it is rather misleading. For one thing, Caldwell quotes the “succinct description” provided by Ivor Thomas (a former Labourite). Thomas ignored the various categories of labor—for example, managerial labor, juveniles, and part-time workers, among others—who were not subject to the Order. Moreover, only twenty-nine directions to work in essential industries were issued between October 1947 and March 1950 (when the COE was revoked): Hardly the Soviet-type gulag conjured up by Hayek’s reference to labor “conscription.” Caldwell also misses a particularly glaring error in Hayek’s chapter “The Socialist Roots of Naziism.” Hayek wrote that in “1892 . . . Bebel was able to tell Bismarck that ‘the Imperial Chancellor can rest assured that German Social Democracy is a sort of preparatory school for militarism!’” (Hayek, p.182). As Bert Hoselitz (1945) has pointed out, however, “Bebel’s words were directed against a remark of Caprivi. Bismarck’s chancellorship ended in 1890” (1945, p. 932). Moreover, Hayek omitted “to add that . . . [Bebel’s] remark was made ironically . . . [Caprivi] . . . had remarked that army officers were satisfied with the discipline shown by socialist recruits. Bebel . . . then made the above remark. That it was meant ironically and was so understood is proved by the stenographic report which contains the word ‘laughter’ after the quoted sentence” (1945, p. 932).

I turn now to Caldwell’s discussion of certain prevalent criticisms of Hayek’s thesis. These include criticisms of the “historical accuracy” (p. 23) of Hayek’s claims (see, for example, Knight’s reader’s report), and the infamous “inevitability thesis” or “slippery slope” argument that “any movement in the direction of socialism is *bound* to lead to totalitarianism” (Hayek, p.55, italics added). Caldwell is particularly concerned to quash the “slippery slope” argument and in noting Hayek’s remark that “this is not what *the book* says,” suggests that Hayek “may have been implying . . . that the condensation and cartoon versions of his argument were . . . in part responsible for the widespread misreading of his message” (p. 28). This appears rather incongruent

alongside Hayek's praise for the "extremely skillful manner" in which the editors of the *Reader's Digest* condensation carried out their work. Moreover, Hayek contended that while "[i]t is inevitable that the compression of a complex argument . . . produces *some oversimplification* . . . that this [the condensation] *was done without distortion* . . . is a remarkable achievement" (Hayek, p. 41, italics added).

Caldwell rightly documents that Hayek rejected anything akin to a crude historicist inevitability thesis (the view that command planning is historically inevitable *per se*), and suggests that a "more plausible way to read [Hayek] . . . is to see him as warning that, unless we change our ways, we are headed down the road to serfdom" (p. 29). And indeed, Hayek's serious critics (for example, Stigler, Robbins, Samuelson, Wooton, and Merriam) read Hayek in exactly the way Caldwell suggests. They were unconvinced, however, by Hayek's argument that government intervention (the mixed economy and welfare state) had its own inherent logic and dynamic that would—"unless we change our ways"—lead to full-blown command planning and result in the loss of freedom. Indeed, there is far more at stake in the Hayek-Samuelson exchange (unfortunately not included in this volume) over the inevitability thesis than Caldwell's relatively brief discussion might suggest.

Rather intriguingly, Caldwell takes pains to deny that Hayek considered his argument applicable to the mixed economy and welfare state. Though noting that Hayek was primarily concerned with the future of "the Western European democracies and the United States," Caldwell argues that Hayek provided a "*logical* rather than a *historical* argument" (p. 30). Accordingly, Caldwell contends that the "subsequent paths of the Western European democracies are *not* really tests of Hayek's thesis" (p. 30, italics added), and that the "existence of such states [welfare states], and whatever successes they may or may not have had, does not undermine Hayek's logical argument . . . *a welfare state is not socialism*" (pp. 30–31, italics added). Again, however, Caldwell's view appears incongruent alongside Hayek's remark (appearing in the preface to the 1976 edition) that "socialism has come to mean chiefly the extensive redistribution of incomes through taxation and the institutions of the welfare state. *In the latter kind of socialism the effects I discuss in this book are brought about more slowly, indirectly, and imperfectly* . . . the ultimate outcome [totalitarianism] tends to be very much the same" (Hayek, pp. 54–55, italics added).

Ultimately, Caldwell proposes a straightforward test of Hayek's thesis:

How many actually existing, real world political systems have fully nationalized their means of production and preserved both efficiency and freedom of choice . . . ? Count them up. Then compare the number with those that nationalized their means of production and turned to extensive planning and control . . . [and] the curtailment of individual liberties. *If one agrees that this is the right test*, Hayek's position is fully vindicated (Caldwell 2007, p. 31, italics added).

As Peter Boettke has repeatedly (and rightly) stressed, however, Hayek considered dictatorship "*an unintended consequence* of planning, not the planned outcome" (Boettke 2005, p. 1051, italics added), and as Caldwell readily cedes that no "real world" case of command planning began as a "'liberal socialist' experiment" (2007, p.30), it is accordingly unclear why Caldwell's suggested test is appropriate. Indeed, Hayek was making a conditional prediction about the postwar Atlee government: "[I]t was already fairly obvious that England . . . was likely to experiment after the

war with the . . . policies which I was convinced had contributed so much to destroy liberty elsewhere” (Hayek, p. 40). Unfortunately (though understandably), Hayek’s draft 1948 postscript (mentioned earlier) is not included in this edition. For one thing, certain paragraphs from the 1948 postscript appear practically verbatim in the 1956 foreword (see for instance, Hayek’s remarks about the post-war Labour government) and the draft is incomplete (consisting of pages written in both typescript and Hayek’s rather illegible handwriting). The 1948 postscript is important, however, because it includes Hayek’s stark, yet decidedly inaccurate, predictions as to what would supposedly happen under the postwar Labour Government in Britain. Needless to say, Hayek’s predictions do not appear in the 1956 foreword.

Assar Lindbeck’s trenchant remark that “historically, the order in which nationalization and dictatorship have occurred seems rather to have been the reverse of that suggested by Hayek” (1971, p. 64) similarly casts considerable doubt on the relevance of Caldwell’s suggested test. Thus, I wonder whether Caldwell considers North Korea and the former Eastern European dictatorships to provide data points supportive of Hayek’s thesis. As Peter Wiles noted, Eastern European command planning was imposed by Soviet tanks, while postwar Britain (Hayek’s primary concern in 1944) and the Western European democracies largely abandoned piecemeal planning (of whatever stripe) in favor of the mixed economy and welfare state.

Despite having serious reservations about the historical veracity and coherence of Hayek’s thesis and having various disagreements with Caldwell’s reading of Hayek, I think that anyone teaching a course on Hayek or the socialist calculation debate will surely find Bruce Caldwell’s new edition of Hayek’s *The Road to Serfdom* a must-assign volume for their students.

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