

80 Years Later, Are We Still on ‘The Road to Serfdom’?

Hayek saw in 1944 that the loss of economic freedom often leads to the denial of other freedoms.

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Nobel prize winning economist Friedrich Hayek, 84, at a presentation ceremony at which he received the International Free Enterprise Award. PHOTO: PA IMAGES VIA GETTY IMAGES

Friedrich Hayek submitted “The Road to Serfdom” to three American publishers, each of which rejected it. A friend connected him with the University of Chicago Press, and his book was finally published in the United States on Sept. 18, 1944. The initial print run was 2,000 copies. No wonder, as who would expect American readers to be interested in a book written in response to the ideas of the British economist and politician William Beveridge?

A year later, however, Reader’s Digest published a condensed version and distributed it to millions of households. “The Road to Serfdom” has since been translated into 20 languages and sold several million copies.

Hayek had struck a nerve. In the 1940s, state interventionism was on the rise in Europe and the U.S. As today, the prevailing belief was in aggressive government intervention in the economy, high taxes and strict regulations. There was a misconception among intellectuals that National Socialism was a form of capitalism. In 1939, the philosopher Max Horkheimer, co-founder of the Frankfurt School, said: “But whoever is not willing to talk about capitalism should also keep quiet about fascism.”

Hayek later explained that his book was primarily addressed to those among the British socialist intelligentsia who saw Nazism as a reaction to classical socialist trends. In reality, it was a necessary outcome of those tendencies.

Socialists in those days avoided describing Hitler’s movement and system as “National Socialism” to deny the intellectual affinity between socialism and Nazism. Today, we know—although Hayek couldn’t have known at the time—that Hitler developed a growing admiration for the Soviet Union’s planned economic system.

In 1942 Hitler defended the Soviet planned economy to his inner circle: “One has to have unqualified respect for Stalin. In his way, the guy is quite a genius . . . and his economic planning is so all-encompassing that it is only exceeded by our own Four-Year Plan. I have no doubts whatsoever that there have been no unemployed in the U.S.S.R., as opposed to capitalist countries such as the U.S.A.”

In July 1941, Hitler said: “A sensible employment of the powers of a nation can only be achieved with a planned economy from above.” And: “As far as the planning of the economy is concerned, we are still very much at the beginning and I imagine it will be something wonderfully nice to build up an encompassing German and European economic order.” Statements like these confirm Hayek’s basic thesis.

In 1971, Hayek emphasized that the primary focus of his book was classical socialism, which aimed to nationalize the means of production. But National Socialism, in economic terms, can be seen as a precursor of modern socialism. Unlike classical socialism, modern socialism no longer seeks to nationalize the means of production but instead maintains the facade of private property rights. But the concept of private property is steadily eroded, rendering it a mere legal formality without true substance. This shift results in entrepreneurs becoming increasingly subject to state control and direction.

In a speech in May 1937, Hitler described this philosophy: “I tell German industry for example, ‘You have to produce such and such now.’ I then return to this in the Four-Year Plan. If German industry were to answer me, ‘We are not able to,’ then I would say to it, ‘Fine, then I will take that over myself, but it must be done.’ But if industry tells me, ‘We will do that,’ then I am very glad that I do not need to take that on.”

Hayek’s book presents a second important thesis: The loss of economic freedom precedes the loss of intellectual and political freedom. Critics who dispute his concerns point to the U.K., which after World War II introduced extremely high taxes and nationalizations. Although the economic consequences were disastrous—and reversed only decades later by Margaret Thatcher, who greatly admired Hayek—there was no loss of political freedom.

The critics are onto something. The loss of economic freedom doesn’t necessarily or immediately lead to the loss of political and intellectual freedom. But Hayek was more right than wrong. Look to the recent example of Venezuela, which lost economic freedom first. Political freedom disappeared next.

It’s clear how relevant Hayek’s warnings remain today. Economic freedom—unlike in the 1980s and ’90s—is in retreat. Faith in “industrial policy” has come to dominate in China, the U.S. and Europe. At the same time, intellectual freedom is under threat as proponents of a woke ideology strive to politicize all of life. Mathematics is now considered “racist” by some, while freedom of speech is under threat. Opponents of economic freedom often oppose intellectual freedom as well.

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