

The Road to Serfdom by F.A. Hayek Notes  
 Marcus Shera

*To the socialists of all parties*

I. Caldwell's Introduction

- A. **11: Neurath claimed that wartime economy was a model for peacetime economies**
- B. 20: Hayek in Speech: principles of intervention not pro or con entirely
- C. 21n75: Churchill was accused of being a hayek follower
- D. 31-33: Main Themes
  - 1. rule of law is a treasure
  - 2. civil liberties are given up during wartime
    - a) including war on drugs/poverty/terror/crime

II. Prefaces

- A. Preface to the Original Editions
  - 1. 37: This is a political book
  - 2. The whole argument depends on certain ultimate values
  - 3. fighting Socialism is against my interest as an economist
- B. Foreword to the 1956 American Paperback edition
  - 1. 42: Acton quote on freedom from minorities
  - 2. **44: hodgepodge of inconsistent and ill assembled ideals**
    - a) some aims of the welfare state are practicable and laudable
    - b) impatience for quick results
  - 3. **45: the central argument is a warning against sidestepping the rule of law before bringing ourselves to irreversible circumstances**
    - a) **not a resistance to all experimentation with policy.**
  - 4. **45-46: conservative and liberal dynamic**
  - 5. 48: A main point is the psychological shift of the people
    - a) don't plant the seeds of destruction
- C. Preface to the 1976 Edition
  - 1. 53: Became for him the beginning of his new career.
  - 2. Rudolf Carnap trashed the book without reading it.
  - 3. 54: The Constitution of Liberty is his expression of a liberal order
  - 4. still affirmed his conclusions in 1976
  - 5. 55: His definition of socialism is national ownership of capital not welfare.
  - 6. He resents being known for this book.
    - a) but no longer.

I. Introduction

- A. 57 Quote: "Few discoveries are more irritating than those which expose the pedigree of ideas." - Lord Acton
- B. Radical Uncertainty first line
- C. We can learn from the past still

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- D. “An accidental combination of experience and interest will often reveal events to one man under aspects which few yet see.”**
  - E. Twice watching the same development
  - F. 58: The road to Germany is long but hard to double back on.
    - 1. we make the fate in the long-run
  - G. The trend begins with cynicism of liberalism
  - H. Hayek had one set of eyes in Germany and one in America and England**
  - I. 59: If these developments are inevitable there is no point in writing this
  - J. It does not matter who the socialism is wanted for
  - K. 60: We must build a new safe world to the dangers to which the old one succumbed.
  - L. 61: Germans are not naturally violent
    - 1. why are they so?
  - M. 62: the fight between the right and the left in Germany was an inner socialist dispute
- I. The Abandoned Road
- A. 65 Quote: “A program whose basic thesis is, not that the system of free enterprise for profit has failed in this generation, but that it has not yet been tried.” - FDR
    - 1. interesting footnote**
  - B. We blame anything but ourselves for deviations from progress
  - C. 66: the first task is to win the war. Then we must secure that we don't need to fight another one.
  - D. footnote on change in Britain**
  - E. change in 1931 is significant**
  - F. 67: We have been moving away for a while
  - G. without freedom in economic affairs, political and economic freedom have never existed in the past.
  - H. 67-8: We are not only abandoning Smith, but Christ and Erasmus as well.
  - I. A digression on the meaning of true individualism perhaps link with I&EO Chap.1**
  - J. 69: The general direction of social evolution in the West has been...
  - K. Science helped too.
  - L. 70: The majority barred the individual innovator
    - 1. only with economic freedom could he attempt to discover new technologies at his own risk.**
  - M. the eighteenth century took individualism and gave it to all.
  - N. 71: With the success of liberalism grew ambition and that the rate of progress was too slow**
    - 1. Principles of the past were seen as boundaries to speed.**
  - O. No hard and fast rules in liberalism
    - 1. We should make as much as possible of the spontaneous ordering forces of society.**
    - 2. The principle of laissez-faire has hurt liberalism but was also sort of necessary.**

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- P. liberals as gardeners**
  - Q. 72: Liberalism had to be a negative doctrine
    - 1. The common progress began to be taken for granted and not attributed to freedom.
  - R. 73: Abandonment of individualism
  - S. replacing the impersonal market with the “conscious” government
  - T. “planning for freedom” Karl Mannheim**
  - U. 74: Germany the new ideological monopoly
  - V. 75: Western ideas to the German meant west of the Rhine**
- II. The Great Utopia
- A. 76 Quote: “What has always made the state a hell on earth has been precisely that man has tried to make it his heaven” - Holderlin
  - B. French Socialism was a reaction to the French Revolution
    - 1. they hated freedom of thought
    - 2. **Footnote on Saint-Simon interesting**
  - C. 77: Tocqueville and the conflict between democracy and socialism
    - 1. democracy makes individuals have meaning
      - a) **Marcus: in democracy each vote matters because each man matters. In socialism, democracy is a mere divining rod for the collective will.**
  - D. Socialism bastardized freedom
    - 1. it went from freedom from coercion to freedom from want.
  - E. 78: Socialism and liberalism are incompatible but one was considered the other’s heir.
  - F. Footnote cites John Dewey as contributing to the bastardization of the concept of freedom**
  - G. 79: Max Eastman’s testimony that Stalinism is fascism is socialism
  - H. 80: in organization the variety of ends must give way to uniformity**
  - I. “fascism is the stage reached after communism has shown to be an illusion”
  - J. 81: Even though Nazis and Communists fought each other more than they fought liberals this is because they were competing for the same mental territory.
  - K. Hitler never claimed to defend liberalism
  - L. 82: Most socialists don’t want to believe that their ideas of socialism recoils with freedom
- III. Individualism and Collectivism
- A. 83 Quote: “The socialists believe in two things which are absolutely different and perhaps even contradictory: freedom and organization.” - Elie Halevy
  - B. What is socialism?
    - 1. it means either the general ends of social justice and equality or...
    - 2. the means of abolishing private property and planning towards collective planning
  - C. 84: economic planning can be used for many purposes
  - D. The methods of giving to a privileged racial group are same as giving to an equalitarian distribution.
  - E. Confusing passage about socialism and collectivism**

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- F. Smith quote
  - G. 85: Everyone is in some sense a planner
    - 1. economists study plans.
  - H. Planners are those who relegate all of society to a single plan**
  - I. The dispute is about how to manage society
    - 1. based on allowing individuals to plan or based on a central plan
  - J. 86: Liberalism says competition is better when possible, not that it is always possible.
  - K. Competition allows individuals to assess the costs and benefits of a **particular** enterprise.
  - L. Price controls distort, but selective regulations may not.
  - M. 87: Welfare is allowable.
  - N. Law is necessary for the functioning of competition.
    - 1. externalities and public goods
  - O. 89-90: What about the middle road?
    - 1. strange answer
      - a) planning or competition must come first
      - b) planning for competition is better than planning against competition
- IV. The "Inevitability" of Planning
- A. 91: "We were the first to assert that the more complicated the forms assumed by civilization, the more restricted the freedom of the individual must become." - Benito Mussolini
  - B. Planning is argued on inevitability not desirability
    - 1. devoid of foundation
    - 2. no "objective facts" here
  - C. 91-2: Is natural monopoly due to the progress of technology or policy?
  - D. 92: Little to no evidence that economies of scale are driving out smaller firms
  - E. 92-3: Monopolies are caused by collusion or policy says the monograph
  - F. 93: Monopolies first appeared in less capitalist countries such as Germany
    - 1. people claimed Germany was at full development
  - G. 94: The development of monopolies in Britain had to do with the 1931 changes**
    - 1. **FOOTNOTE OF CONTEXT BY CALDWELL**
  - H. Germans killed competition first to prepare for planning
    - 1. **Nothing is inevitable until thinking makes it so.**
  - I. 95: There is an idea that since we cannot have a complete coherent picture of the economy we must use central planning to make it so.
  - J. It is complexity which makes competition necessary.
  - K. Decentralization allows coordination so that free agents can adjust to particular facts that only they know.**
  - L. Prices adjust properly
  - M. 96: The more complex the division of knowledge is, the more we need to utilize the competitive process.
  - N. The division of labor developed because of the competitive process. Planning is clumsy and blind.**

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- O. The case for monopolies on the basis of patents is a special interest group.
- P. 96-7: There may be some good which must be adopted all at once to confer benefits.
- Q. We can never predict from which of the many forms in which a good or service can be provided something better may develop. Something special is here.**
- R. The argument for freedom is to leave room for unforeseeable growth.**
- S. 98: The goals of technocrats could be easily achieved if they were made the sole goal of humanity.**
  - 1. Underlined quote on same page**
- T. existence of scarcity
- U. Technologically possible excites planner. They do not consider economically feasible.**
  - 1. example of roads in Germany and Italy
  - 2. interesting footnote
  - 3. guns and butter i don't get it
- V. 99: We are all specialists of some sort
  - 1. Everyone thinks their value scale is best and planning will have to inevitably deal with this issue.**
  - 2. Most planners over exaggerate their own value scales unconsciously
  - 3. Uses EJ.
  - 4. On the psychology of planners. Some type of planning man is necessary and admirable.**
  - 5. Putting the planners all in power of their repsective areas won't work why?**
  - 6. Principles are needed to limit planners**
- V. Planning and Democracy
  - A. 100: "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 to exercise it." - Adam Smith
  - B. Collectivist systems organize social life towards a single goal
    - 1. not irresponsible individual choices**
  - C. liberalism is unique in that it does not have a solitary end.
  - D. 101: welfare cannot go on a single scale
  - E. It presupposes a given scale
  - F. the fact that we are switching between things does not mean our moral code is incomplete.
  - G. If we had a single social code our moral rules would have gaps.
  - H. band-man had one moral code
    - 1. our moral code now is general and mostly negative**
  - I. 102: one mind infinite needs
  - J. The fundamental fact of individualism**

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**1. one man cannot reasonably care for many needs, he can only survey one field**

- K. thus our scales become incompatible**
  - L. thus individuals should be the utmost deciders
  - M. common action is limited to where people agree commonly
    - 1. these are usually means
  - N. 103: The state is still one partial entity, it is not over or above in any way**
  - O. We cannot extend the sphere of common action and maintain the individual sphere.
  - P. In Germany, all individual ends are dependent then on the state.
  - Q. 104: common welfare conceals agreement
  - R. The inability of democracy to carry out the will of the people leads to dissatisfaction with democracy
  - S. 105: Laski and the Donoughmore Committee**
  - T. They are not asked act where they can agree but to agree on everything.**
  - U. **“105-6: every parliamentarian has one plan but they can’t agree**
    - 1. can’t be split up; no military by democracy
  - V. They will inevitably impose their conception on the people.
  - W. 106n5: If democracy demands planning it will lose control of it. Historical context**
  - X. 107: Civil law immune
  - Y. general rules abandoned
    - 1. judging the case on its merits
  - Z. the many agencies to which planning powers have been delegated still must become a whole for central planning to work.
  - AA. 108: The fact that democracy fails at planning means there will be some strongman demanded to replace the democracy.
  - BB. Democracy was decaying and Hitler took advantage of it**
    - 1. HISTORY FOOTNOTE
    - 2. strong man
  - CC. Parliament reduced
  - DD. the largest minority will often dominate.
  - EE. 110: Liberalism restricted the realm of items which needed universal agreement to few.**
  - FF. Only in capitalism is democracy possible.
  - GG. Acton says liberty is the highest **political** end.
  - HH. Democracy is also a check.
  - II. 111: democracy also must be limited
- VI. Planning and the Rule of Law
- A. 112: “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

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- B. n2: defines rule of law
- C. government limited by rules announced beforehand
- D. 112-3: Within some given rules individuals can live
- E. 113: Rules are an instrument of production to allow people to collaborate with one another.**
- F. vs. arbitrary government**
- G. First type of rules are formal rules**
- H. collectivist planning cannot use general rules
- I. somebody will have to decide who is more important
- J. two types of rule are the Rules of the Road versus ruling the road.
- K. 114: Formal Rules are an instrument
- L. The fact that we don't know who they're going to help is the whole point.
- M. Twofold argument
  - 1. economic
    - a) the state should confine itself
      - (1) allow individuals freedom for dealing with circumstances of time and place**
      - (2) the more the state plans the more difficult planning becomes for individuals
- N. 115: moral argument
  - 1. The state must now be choosing ends.
  - 2. Legislators cannot be impartial**
  - 3. If the particular effects of a policy is seen, it ceases to be a means for the people and becomes a means of the legislator for his own ends.
  - 4. The state becomes the moral arbiter, doesn't mean its always bad, but it becomes the monopoly means through which moral ends can be supplied.
- O. 116: Principle of fairness?
- P. One could write a history of the decline of Rule of Law
  - 1. the Rule of Law declining preceded Hitler
- Q. 117: any substantive ideal of distributive justice must destroy the Rule of Law
- R. To produce the same result for different people you must treat them differently.
- S. Nazis hated rule of law footnote history**
- T. it must be universal, doesn't matter so much what the content is often
  - 1. right or left side of road
- U. 118: Privilege does not mean only some have, it means others are excluded.
- V. every state must act
- W. can the individuals have rational expectations of the state to operate within certain areas.
- X. 119: Kant on Laws
- Y. Rule of Law is not mere legality but self-rule binding by the state
- Z. n7: On Locke and liberty**
- AA. daily new powers are conferred on authorities history footnote**
- BB.n9: Bill of attainder**

**CC. H.G. Well's Ten points for world peace incompatible with one another.**

DD. 122: Socialists that are coherent eschew rights for duties

VII. Economic Control and Totalitarianism

A. 124: "The control of the production of wealth is the control of human life itself" - Hilaire Belloc

**B. Planners offer the consolation that only economic matters will be controlled.**

C. 125: {People believe personal economic control is only secondary.

**D. There is no economic motive. Frank Knighth ey?**

1. My note: Even if everyone's economic motive is "money" which they can spend freely. The planning board must still choose how much of what good is produced. Churches, mosques, and temples.

E. Money is a great instrument of freedom from trade scarcity

F. If money was not compensation we would have in fact less freedom.

G. Footnote on Lionel Robbins economic causes of war

**H. 126: Economic loss just means a small loss. Greater loss is an irrepreable loss.**

I. If we want to declare a purpose we shall be controlled in everything.

J. Economic planning would turn all losses into non-marginal non-economic losses.

**K. Planning would control the limited means for our ends.**

L. 127: Economic Control is the control of all activity.

1. what men should believe and strive for.

M. Freedom in competition is that are multiple sources for appealing to some use of an end.

N. Footnote: Example of foreign exchanges

1. freedom to travel is freedom generally

O. 128: How ends are then controlled.

P. Price system vs. conscious control chooses the proper ends ex ante.

**Q. In a market means are judged without respect to ends, in planning it is the other way often.**

R. 129: Free choice of occupation.

S. 130: We could reduce auto accidents to zero by banning cars

**T. 131: They resent the truth of the underlying economic problem**

1. plenty

U. interesting footnote

V. Just distribution is the only reasonable reason for planning

W. 132: Is the distribution of wealth to one person's ideal justice more unjust than the market outcome?

X. the division of labor now is irreversible.

Y. 133: we must have freedom of choice along with the risk and responsibility of that right.

VIII. Who, Whom?

A. 134: "The finest opportunity ever given to the world was thrown away because the passion for equality made vain the hope for freedom. - Lord Acton

B. People dislike the blindness of the market, but blindness is an ancient aspect of justice.



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**C. Not a choice between just desert and randomness. It is a who will plan for whom question.**

D. 135: In competition the poor can rise on their own not just by handouts.

E. Poor in Britain is freer than rich in Russia

F. footnote on inequality in Russia

G. 136: Property protects freedom for all.

H. decentralized means guarantees freedom.

**I. minority toleration in property**

**1. as long as the state is blind to race they will require property to be free**

J. Max Eastman on Marxism and Property footnote as well

K. 137: People will react differently to conscious inequalities than to unconscious ones.

L. 138: Incentives will become to control the power.

**M. 139: Lenin and who plans for whom?**

**1. who gets what when and how**

N. Nazi and socialist demand of domination of politics over economics.

**O. two distinctions that I don't get right now.**

P. no independence allowed

**Q. what principles limit government?**

**R. Their only principle is material equality**

**1. people don't really want this though**

S. greater equality is just an expression of present dissatisfaction

T. the words conceal truth

**U. Our standards of fair wages and just prices are endogenous to the competitive system**

V. 141: If workers received the whole of their products there would be very little equality.

W. discrimination between individuals still necessary

**X. 142: single set of ideals is necessary for**

Y. Socialists did the rhetorical and conceptual legwork for fascists

**1. I write "The Death of God" in the sidenotes. Huh.**

Z. 143: The socialists had the idea of setting up all of life to direct children towards the polity.

**1. the fascists stole the idea**

AA. Only organized groups believe their view of the world is the only and obvious one.

**1. the truth comes out in practice**

BB.144: Socialism was for industrial workers not farmers

CC. administrative classes took over from propertied capitalist classes.

DD. fascism is middle class socialism

**EE. 145: Fascism vs. Socialism is a normal kind of socialist in-fighting.**

**1. they agree that the will of the state should direct society but they disagreed on class placement.**

**FF. 146: same as above**

GG. The **Weltanschauung** Potential good history

## IX. Security and Freedom

- A. 147: “The whole of society will have become a single office and a single factory with equality of work and equality of pay.” - Nikolai Lenin (1917)
- B. “In a country where the sole employer is the State, opposition means death by slow starvation. The old principle: who does not work shall not eat, has been replaced by a new one: who does not obey shall not eat. - Leon Trotsky (1937)
- C. The demand for economic security can be a danger for freedom
- D. the absolute sense of security is dangerous
- E. two kinds of security
  - 1. limited: which can be achieved for all
  - 2. special: only for select people
- F. 148: The first secures some minimum income, the second secures what someone is thought to deserve.
- G. our society can probably guarantee limited security.
  - 1. UBI
  - 2. Footnote: UBI politics should be wary of people voting with their feet.
- H. Most people already have this security though.
- I. There is a STRONG case for social insurance.
- J. No incompatibility between this and individual freedom.
- K. communal action should UNDOUBTEDLY be taken to protect individuals from uninsurables.
- L. 149: “planning in the good sense”
- M. addresses keynesian demand policy
- N. there is no moral reason for the movements of the market but they are inseparable from the competitive process.
- O. irreconcilable with freedom.
- P. confusing paragraph
- Q. If we’re going to allow people choice, their choices must have consequences based on their value to others
- R. creative destruction happens
- S. 150: Justice falls in line with this often.
- T. Certainty of income is incompatible however with choice of occupation.
- U. The real point is that the arbitrary nature of redistribution prevents incentives to be useful.
  - 1. uses phrase “adequate inducement” instead of incentive.
- V. 151: Choices in employment will then be made for people to make them “useful”.
- W. readily intelligible yardstick for measuring usefulness of occupations.
  - 1. the market is an “opposed machine” its beauty is in its usefulness
- X. the incentive problem is real
  - 1. **people’s spirits are awoken by their “interests”**
  - 2. **very true. Jamesian point perhaps. I am excited by economics but not by fashion. I am going to align my academic interest with my pecuniary interest.**

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## 3. Discipline issues

- Y. engineering requires a free zone outside to refer to.
1. MS: Humans are dependent beings. We need outside guides.
- Z. While the last resort of a competitive economy is the bailiff, the ultimate sanction of the planned economy is the hangman. - Wilhelm Roepke paraphrased
- AA. 152: security bought at the price of the safety of freedom and life
- BB. Between the commercial and military society
- CC. the security of the barracks
- DD. some sections can be organized this way
- EE. the military helps a society guarantee employment**
1. **how liberal should this guarantee be.**
  2. **very low wages to soldiers is necessary**
- FF. 153: Sparta is a wholly military society.
- GG. The security in competition is opportunity.
- HH. In a market restrictionism trades one persons security for other's opportunities
- II. 154: Trade restrictions have had very bad effects but they are not all realized.
- JJ. stabilization is useful for some but makes it precarious for all.
- KK. security gives status rather than dependence and merit
- LL. 155: socialist disapproval of risk and entrepreneurship
- MM. to employ a hundred is exploitation but to command a hundred is honorable
- NN. contrasting Britain and Germany
- OO. 156: Security cannot be based upon dependence, but only independence.
- PP. temptation of safety at the price of freedom.
- QQ. There still must be some security
- RR. Quoting Ben Franklin "Those who would give up essential liberty to purchase a little temporary safety deserve neither liberty nor safety."
- X. Why the Worst Get on Top
- A. 157: "Power tends to corrupt, and absolute power corrupts absolutely" - Lord Acton
  - B. Many only believe that fascism is bad because bad people were involved**
    1. interesting footnote
  - C. 158: good people often trust those who they think are competent
  - D. We are not concerned with the moral basis of collectivism but it's moral results.
  - E. The ethics produced by collectivism may be anti-collectivism
    1. moral institutional interaction
  - F. 159: People want someone who can "get things done"**
  - G. old socialists were inhibited by the democratic ideals
    1. they were not ruthless but the fascists were
  - H. 160: Three reasons why the powerful group will usually be the worst
    1. **the more education, the more heterogeneity of values**
      - a) The lowest common denominator unites
    2. they attract the gullible who have no values except those which are hammered into them.

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3. It is easier to have a negative than a positive program
  - a) The Jews in Germany
  - b) old story of minorities

- I. 161: Presupposition of more similarity than exists**
- J. 162: Socialism was somehow limited to existing states
- K. Socialism practicable in small groups
- L. Dignity becomes relegated to group effort
- M. since collectivism only works as long as unity of ends works, it quickly becomes particularist
1. race or class or something
- N. 163: Reinhold Niebuhr *Moral Man and Immoral Society*
- O. 163-4: The Webbs on large nation-states**
- P. Jacob Burckhardt name next to Lord Acton**
- Q. Marx and Engels contempt of poles
- R. 165: Russell: unitary plan desire for power
- S. Socialists think that they extinguish power by relegating it to a single state**
- T. decentralizing power is to diminish the stock of power
- U. 166: Political over economic power
- V. collectivist morals are not applicable at the individual or means level
- W. end justifies the means in individualist ethics is the denial of morals**
1. rule of law
  2. in collectivist ethics it is the rule
  3. the only limit is expediency
- X. 167: collectivism will care more about individual behavior than individualism
- Y. German *ZivilCourage***
- Z. Bourgeois Virtues WOW!**
- AA. 168: These individual virtues have a social character to them still. Individualism means considering your neighbors but understanding HUMANS AS INDIVIDUALS
- BB. There intense moral emotion in Naziism.
- CC. When there is one overarching moral mission there is no room for general morals or rules**
1. this occurs in wartime
- DD. 169: Conscriptio of woman for breeding purposes can be seriously contemplated in collectivism
- EE. The pursuit of a common end knows no limits to rights violations
- FF. Thus when beginning a new collectivist regime, it is easier to attract the unprincipled to the top first. In the army they densitize people.**
- GG. 170: The highest positions in Germany come from the desensitized Gestapo**
- HH. tender-hearted person job of whipping on a slave plantation.
- XI. The End of Truth
- A. 171: "It is significant that the nationalization of thought has proceeded everywhere *pari passu* with the nationalization of industry." - E.H. Carr

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- B. If ideology bends towards the single plan more people will follow it.**
1. by propaganda
- C. *Gleichaltung* good vocab word.**
- D. 172: propaganda does not just teach a universal moral code
1. Some conservatives may like this.
  2. difference between religion and cult
- E. the sense of truth must be abandoned
- F. people must have propaganda connected to them.
- G. 173: the planner will find along the way that he must make a single moral code
- H. an instinctive dislike of Jews and love of blondes was exploited to make the decisions that planners needed to make.
1. Blut und Boden
- I. 174: Plato's Noble Lies
- J. the new gods must be connected to instinct
- K. Karl Mannheim
- L. 175: Collective freedom is in fact freedom of the planner**
- M. with new faiths language changes and communication breaks down
- N. much of the new value scale will be implicit in the plan.
1. MS: values to Hayek and to economists are what cause you to make choices
- O. 176: Doubt is disloyalty from the Webbs
- P. Therefore, doubt must be crushed in all forms
- Q. the disinterested search for truth does not work here
- R. 177: theory of relativity rejected by Nazis and Soviets for different reasons but actually the same**
- S. All activity gains party legitimacy. no **spontaneous** forces or desires allowed.
1. it might be \*shudder\* new
- T. 178: All this is part of the forced unity in planning
- U. Truth becomes owned by authority
1. not good thinking but good for the social thinking
- V. Even british defend protectionism in thinking to protect a rising class.
1. book burning
- W. 179: Mostly confusion happens
- X. freedom of speech not because every thought is good but because everything "may" be good**
- Y. 180: The human mind and conscious development no general progress in thought
1. kuhn popper the sensory order
- Z. collectivism starts on reason but misconstrues the process that makes reason work**
- AA. superindividual forces guide the growth of reason**
- BB. FULL QUOTE: "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."**

## XII. The Socialist Roots of Naziism

- A. 181: "All anti liberal forces are combining against everything that is liberal." - A. Moeller van den Bruck
- B. Naziism is not a mere revolt against reason.
  - 1. it was intellectual
  - 2. it has a logic to it
    - a) comte
- C. 182: Before 1914, Naziism was a small group.
- D. The support for it came from the socialists.
  - 1. not the bourgeoisie reaction against communism
- E. the Nazis hated the leftist elements of Marxism
  - 1. internationalism and democracy not it's planning
- F. Socialist teachers led workers to Naziism
- G. German Philosopher of socialism Fichte in footnote**
- H. footnote: Bismarck Naziism and militarism
- I. Werner Sombart began anti-capitalism in Germany**
  - 1. welcomed a war between commercial Britain and heroic Germany
- J. Volksgemeinschaft**
  - 1. People's community
  - 2. anti french rev
- K. 184: War is the highest life above the individual**
- L. Johann Plenge appears as a more learned version of Sombart
- M. thought Marxism's ideas of freedom were too abstract
- N. 185: Germany's war economy was the first socialist nation.**
- O. 186: socialism has to win power not blindly destroy it
- P. Plenge loved Germany
- Q. 187: Walther Rathenau was a Jew who made industrial organization possible
- R. They saw WW2 as England vs. Britain, capitalist vs. socialist.
- S. 188: unconscious vs. conscious capital
- T. Lensch is in here
- U. 189: "The state has undergone a process of socialization and Social Democracy has undergone a process of nationalization.
- V. Plenge and Lensch were leader of national socialism
- W. Spengler and Moeller van den Bruck footnote
- X. 190: The German Spirit against british liberalism
- Y. power belongs to the whole
- Z. England is rich and poor Germany is command vs. obedience
- AA. 191: It was a PRUSSIAN idea that the state and the individual are merged.
- BB. Youth in Germany hate liberalism
- CC. 192: The fight against capitalism was a continuation of the war against the Entente
- DD. weird stuff about Britain influence**

## XIII. The Totalitarians in Our Midst

## The Road to Serfdom by F.A. Hayek Notes

Marcus Shera

- A. 193: “When authority presents itself in the guise of organization, it develops charms fascinating enough to convert communities of free people into totalitarian States.” - *The Times* (London)
- B. Nazi Germany seems farther away than it is.
- C. Right and Left has a common opposition to liberalism
- D. 194: bigness for bigness sake
  - 1. inability to leave anything to organic growth
- E. Contemporary disapproval of Gladstone
- F. 195: Keynes on nightmare of Germany in 1915
  - 1. even in peace industrial life must remain mobilized
  - 2. Efficiency over individuals
  - 3. Plato’s goal. Der Mensch im Grossen
- G. This is mirrored in contemporary British Literature
- H. Use Hitler’s take for our own purposes
- I. 196: **Hitler’s anti-Semitism has driven out of Germany many German totalitarians**
- J. Two examples
  - 1. E.H. Carr
    - a) 197: Twenty Years’ Crisis and Conditions of Peace
    - b) In 20yc Carr calls himself marxist and that morality is a function of politics
    - c) carr against rules
      - (1) pro-empiricist
    - d) When Germany is being nationalistic they are just playing the same game that English-speaking countries play.
  - 2. 198: no distinction between society and state like Carl Schmitt
    - a) in COP planning is the condition of peace
    - b) 199: We know the bend of history and must bow to it
    - c) reinterprets equality and liberty in economic terms
    - d) Germany leads against the West
    - e) Carr gives War sense of meaning and purpose james correlate
  - 3. 200: German scientists want to scientize society
  - 4. **Interesting read Julien Benda Trahison des clercs**
    - a) **superstitoin that science can study morality**
    - b) **Benda the Betrayal of Intellectuals and the Treason of Intellectuals**
    - c) **scientists hate human liberty and the action of the individuals**
      - (1) **IT DOES NOT BEND TO THEIR LAWS SO THEY WANT IT GONE**
  - 5. 202-3: Waddington on science can do ethics. Benda against.
    - a) Waddington not convinced that freedom exists or does anything good
      - (1) Harlot humanities
    - b) Loves marx and the scientific tendencies which make these actions inevitable

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6. 204: Main initial movement is monopolization of industry.
  - a) 205: Businessmen are in on this.
  - b) They are short-sighted. Killing themselves long-run
  - c) In the transition phase they will find high profits only to lose their freedom soon
  - d) They've convinced people that the formation of monopolies is in the public interest.
  - e) 206: REgulations make monopolies
  - f) Private monopolies may be better than public.
    - (1) the private monopoly is far less secure granted state-protection of the state one.
7. 207: Interesting stuff on state-controlled monopoly
  - a) **price controls may be the best option!!!??**
8. Privileged groups of labor also exist.
9. Calls this sad
10. 208: **There is no option other than the impersonal market or the directed will of individuals.**
  - a) **IF you don't want 1 you want 2**
11. 209: Laski's view of war economy is taken from the Germans
  - a) as well as balanced economy and community consumption
12. Interesting hopeless reflection on a second reactionary party.
  - a) Strong Right reactionary stuff always has been and always will be.

## XIV. Material Conditions and Ideal Ends

- A. 210: "Is it just or reasonable, that most voices against the main end of government should enslave the less number that would be more free? More just it is, doubtless, if it come to force, that a less number compel a greater to retain, which can be now rong to hem, their liberty, htna that a greater number, of the pleasure of their baseness, compel a less most injuriously to be their fellow slaves. They who seek nothing but their own just liberty, have always the right to win it whenever they have the power, be the voices never so numerous that oppose it. - John Milton
- B. the End of Economic Man?
- C. 211: False, we are not in a potential plenty because of technology
- D. this generation will not bend to "economic arguments"
- E. Man has lost respect for economic obstacles
- F. Man in this world will have to conceded to some forces that he does not understand.
- G. 212: submission out of religion or love for economics
  1. MS: did the latter element inspire man to become proud?
- H. Crucial point here is great
- I. The choice is between the impersonal market or the arbitrary whims of men
- J. 213: Freedom and singular societal purpose cannot be reconciled
  1. war and natural disaster are exceptions to freedom
- K. The eradication of unemployment should not be "at any price".



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- L. **Vagueness creates an air that something may be an exception to freedom**
  - M. 214 some labor union econ
  - N. 215 Britain is going to have to reconstruct
  - O. footnote speedy shift from war economy to peacetime would harm the reputation of laissez faire
  - P. We should have a minimum income with no restriction on mobility.
  - Q. ignoring economics is irresponsible not virtuous
  - R. 216: we are in danger of forgetting that we often must give up things for moral causes
    - 1. responsibility is key to this question
    - 2. **Outside individual responsibility there is no good or bad**
  - S. **217: Individual moral responsibility has been weakened while community action morals have thrived.**
  - T. we have fixed our eyes on the whole and forgotten the part
  - U. 218: morals become cloistered to the voting booth
    - 1. MS: Raise my taxes!
  - V. The fixed poles that are now immovable are group rights not individual rights
  - W. cannot make an omelette without breaking a few eggs
    - 1. some eggs should not be broken
  - X. 220: The Left hates Britain and thus make bad propaganda
  - Y. Hayek appeals to Milton's faith as a good quality of Britain
  - Z. 221: Don't meet the Germans halfway
  - AA. An Unapologetic call to be strongly conservative and traditionalist.
- XV. The Prospects of International Order
- A. 223: "Of all checks on democracy, federation has been the most efficacious and the most congenial...The federal system limits and restrains the sovereign power by dividing it and by assigning to Government only certain defined rights. It is the only method of curbing not only the majority but the power of the whole people. - Lord Acton
  - B. International relations began the decline of liberalism
  - C. 224: International Relations should be built on individual relationships not states making trades.
  - D. If nations regulate trade centrally only war will result.
  - E. We cannot defeat Nazis and just recreate many more Nazis.
  - F. An international planner would not solve this problem.
  - G. As the scale increases, the amount of agreement on the order of ends decreases and the necessity to rely on force and compulsion grows.
  - H. **225: Who imagines that there exist any principle of distributive justice that would make the Norwegians sacrifice for the Portuguese.**
    - 1. **Those who assume away this difficulty only do so because they really imagine that they in their own wisdom will execute this action justly.**
  - I. A *Grossraumwirtschaft* can only be achieved by a hegemonic *Herrenvolk*
    - 1. Ottomanism and Turkism question.

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- J. 226: on ruling a society with widely diverging ideals; “it is to assume a position where the best intentions cannot prevent one form being forced to act in a way which to some of those affected must appear highly immoral.” The central planning board can never be universally loved.**
- K. the alarming thing here is the innocence that is associated with planning
- L. footnote on English hegemony in development
- M. the idea of the working class being the best scale is erroneous
- N. 227: in an international order the conflict between working classes of different nations would appear apparent.
- O. Danube Basin plan.
1. Planning beforehand will not work
- P. 228: there must be a fixed order of priorities in order to act.**
1. Albanian or Slovak?
  2. No way of determining
- Q. 229: Everyone will rightly feel that they are excluded.**
- R. Uses phrase: Justly and impartially.
- S. the international order should enforce order and allow development
1. If every spontaneous development must be “approved” we will get nowhere
- T. you cannot merely split up issues, because then you have the problem of monopolies.
- U. 230: whoever controlled one resource would control the fate of whole countries.
1. No new industries could grow.
- V. To give power to order is not to merely hand over a technical task, but to hand control over.
- W. The trouble is being able to straddle the distancing of impartiality while maintaining the intimacy of partiality.
1. The wisdom of Solomon with the love of each mother
- X. 231: MS: Kids can have friends while their parents take care of them. This can be the tie between houses. Parents should let their kids roam the neighborhood.
- Y. 233: most political obstacle to an international federation is that this power could not have enough force to do stuff. It could be possible if it was incredibly limited.
- Z. federation confines international planning to the sphere in which it works well.
- AA. 19th century liberals perhaps did not appreciate enough the federal system and its complementarity to liberalism
- BB.234: There is happiness in small peoples, and in large ones who had no centralization.
1. rule of law preserves this state.
- CC.235: International Rule of Law is a potential goal.
1. a community of nations of free men
- DD. Anticipates the UN
1. Anticipates the EU
- EE. We should attempt to end war, but not pretend that we have eliminated war.
- XVI. Conclusion
- A. 237: the opportunity is pregnant

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- B. create conditions for growth don't guide it.
- C. we may have to back up a bit
- D. don't imitate Hitler
- E. inevitably predictions don't necessitate any response.
- F. 238: The younger generation does not know 19th century liberalism
- G. "The Guiding principle that a policy of freedom for the individual is the only true progressive policy remains as true today as it was in the nineteenth century."

## Appendix: Related Documents

- I. Nazi-Socialism 1933
- II. Reader's Report by Frank Knight (1943)
- III. Reader's Report by Jacob Marschak (1943)
- IV. Foreword to the 1944 American Edition by John Chamberlain
- V. Letter from John Scon to C. Hartley Grattan (1945)
- VI. Introduction to the 1994 Edition by Milton Friedman

- I. Acknowledgements