Hayek and the American Conservative Movement

by

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In the opening chapter of his magisterial book *The Conservative Mind*, Russell Kirk asserted: "Men of ideas, rather than party leaders, determine the ultimate course of things." Our conference today attests to the truth of Kirk's remark.

I wonder how many of you are struck, as I am, by the unusual nature of this gathering. We have come together today from all over the United States to examine the legacy of a book: a book published 60 years ago last month in Great Britain. It is a work not of fiction, poetry, drama, personal philosophy, or religion—fields that address the universals of the human condition—but, in its author's own words, a "political book," intended to be a tract for the times. The times in which this book appeared have long since vanished, yet the book remains and holds its power to persuade.

In fact, this little book—Friedrich Hayek's *Road to Serfdom*—is now almost universally hailed as a classic, a volume that transcends the vicissitudes of time. A few years ago, at the turn of the millennium, it was widely rated by scholars as one of the 100 most significant books of the twentieth century. Some commentators placed it in the top ten. It has been called the "single most influential political book published in Britain" in the twentieth century. It has been translated into several dozen languages, including, most recently, Hebrew. During the Cold War it circulated among the anticommunist underground in eastern Europe and the Soviet Union.

Since his death in 1992, at the age of nearly 93, Friedrich Hayek has been acclaimed as the ablest philosopher of liberty in the twentieth century. Some have compared him to Adam Smith. Writing in the *New Yorker* four years ago, one analyst went so far as to state that "on the biggest issue of all, the vitality of capitalism, he was vindicated to such an extent that it is hardly an exaggeration to refer to the twentieth century as the Hayek century."

It would be easy to spend the next half hour quoting similar encomiums. But if *The Road to Serfdom* has achieved iconic status, it is useful to ask: how did this happen? That, in part, is my assignment this morning. My focus in the next few minutes will be less on the substance of the book than on its reception—and especially its impact upon the conservative intellectual community that began to coalesce after its publication. The history of this book, as well as its argument, is illuminating.

In the spring of 1944 a book called *The Road to Serfdom* appeared in Britain and soon caused a great storm. It was not written by a native Englishman but by an Austrian émigré named Friedrich Hayek, then teaching at the London School of Economics. As World War II enveloped Europe, he grew increasingly alarmed about the tendency toward governmental planning of the economy and the consequences of this trend for individual liberty. Writing to the American pundit Walter Lippmann in 1937, Hayek lamented: "I wish I could make my 'progressive' friends . . . understand that democracy is possible only under capitalism and that collectivist experiments lead inevitably to fascism of one sort or another." He decided to write a learned polemic, which he dedicated "to the Socialists of all parties."

The thesis of Hayek's work was simple: "Planning leads to dictatorship"; "the direction of economic activity" inevitably necessitates the "suppression of freedom." By "planning" Hayek did not mean any kind of preparation by individuals or governments for the future; he

meant only “central direction of all economic activity according to a single plan.” Such comprehensive controls, he argued, would necessarily be arbitrary, capricious, and ultimately destructive of liberty.

> Economic control is not merely control of a sector of human life which can be separated from the rest; it is the control of the means for all our ends. And whoever has sole control of the means must also determine which ends are to be served, which values are to be rated higher and which lower—in short, what men should believe and strive for.

Collectivism, in short—all collectivism—was inherently totalitarian; “democratic socialism” was illusory and “unachievable.” Pointing to Nazi Germany as the incarnation of his fears, Hayek argued that “the rise of fascism and nazism was not a reaction against the socialist trends of the preceding period but a necessary outcome of those tendencies.” In other words, fascism was not the ugly face of capitalism but a species of collectivism. His book, in short, was no academic matter. The path to socialism which Britain was taking was the very path Germany had already chosen: the road to serfdom.

Against this specter Hayek opposed “the abandoned road” of individualism and classical liberalism. The “fundamental principle” of this creed was “that in the ordering of our affairs we should make as much use as possible of the spontaneous forces of society, and resort as little as possible to coercion. . . . .” This did not mean, Hayek insisted, that government should be inactive; he strenuously denied that his brand of liberalism was identical with laissez-faire. Instead, he proposed the concept of the Rule of Law: “government in all its actions is [to be] bound by rules fixed and announced beforehand. . . .” There was, he contended, a world of difference between his version of the liberal state and the centralized, capricious, privilege-granting, collectivist state.

The response to Hayek's work in Great Britain was immediate. The first printing sold out in about a month. Intended "as a warning to the socialist intelligentsia of England," *The Road to Serfdom* incited many readers to vigorous reply. The eminent economist Lord Keynes, who had been Hayek's great rival in the 1930s, told Hayek privately that it was a "grand" book which said "so well what needs so much to be said." So important a challenge did it offer to the proponents of state planning and classical socialism that a prominent Labour Party M.P. wrote and published a book-length rebuttal.

The British reception of Hayek's book was mild and restrained, however, compared to its fate in the United States following publication on September 18, 1944. Hayek had given "little thought" (he later wrote) to the book's "possible appeal" to American readers. In fact, three American publishing houses—at least one of them apparently motivated by political opposition to Hayek—rejected it. When the University of Chicago Press finally published the volume, it printed only 2,000 copies. As Hayek later recalled, his book was "not intended for popular consumption."

Hayek's expectation was wrong. Instantly his book was recognized not just as a scholarly polemic, but as a work of extraordinary timeliness. Within a week of publication the publisher ordered a second printing of 5,000 copies. Only nine days after publication the publisher requested a third printing of 5,000 more. The next day it doubled that to 10,000. Within a few days of publication the publisher received requests to translate *The Road to Serfdom* into German, Dutch, and Spanish. By the spring of 1945 the book had gone into a seventh printing. And all this was occurring while World War II was still being fought. "Seldom," wrote one observer, "have an economist and a nonfiction book reached such popularity in so short a time."

Many book reviewers contributed to the growing controversy and book sales with excited and sometimes extravagant remarks. In the *New York Times Book Review*, the veteran journalist Henry Hazlitt proclaimed *The Road to Serfdom* "one of the most important books of our generation," comparable in "power and rigor of reasoning" to John Stuart Mill's *On Liberty*. Another reviewer predicted that Hayek's work might become a "milestone in a critical age," like Thomas Paine's *The Rights of Man*. Meanwhile, the hostile *New Republic* editorialized that Hayek's work was having little scholarly impact and was simply being used by reactionary business interests. Stuart Chase, a noted liberal journalist and advocate of national economic planning, asserted that Hayek's volume was fulfilling a "deep spiritual need in American men of affairs" for "the fundamentalist doctrine that those of us beyond fifty were brought up on." Writing early in 1946, Professor Charles Merriam, a wartime vicechariman of the National Resources Planning Board, vehemently dismissed Hayek's book as "over-rated," "dismal," "cynical," and "one of the strange survivals of obscurantism in modern times." Even in academic circles the debate became tempestuous, so much so that the editor of the *American Economic Review* took the unusual step of publishing two reviews of the book. Needless to say, they disagreed.

No one was more startled—and admittedly embarrassed—by the American uproar than the scholarly Professor Hayek himself. As he later observed, the emotions the book engendered amazed him. He had written his book (as he later put it) for a "small circle of people"—mainly "British progressives"—who were "actively struggling with the difficult questions which arise in the field where economics and politics meet." He hoped to persuade a few of these leaders of opinion that "they were on an extremely dangerous path." Why, then, should such a work aimed at experts and written by an Austrian émigré living in London stir the passions of Americans?

Perhaps it was true, as the *New Republic* charged, that chambers of commerce and businesses were boosting demand for the book by bulk orders, thereby concealing its actual public appeal. But why should they have bothered? And if, as one critic alleged, Hayek had merely presented "an old nostrum attractively packaged," why should many liberals (new style) have become so angry and even dismayed?

First, we need to note several accidental or fortuitous factors that helped to transform the publication of Hayek's book into a media phenomenon. On the Sunday following its publication the book received a glowing, front-page review in the *New York Times Book Review*. Even more than today, the *New York Times* in the 1940s was an arbiter of intellectual fashion. By giving the lead review space to *The Road to Serfdom*, the *Times* signaled that here was a book of importance. This judgment insured that Hayek's book would be stocked in bookstores and reviewed elsewhere.

Even more remarkably, the man the *Times* selected to do the review was no leftwing enemy of Hayek's position but instead the pro-free market journalist Henry Hazlitt. Some of you may recognize him as the author of a pro-capitalist book, *Economics in One Lesson*, which went on to sell over half a million copies. Hayek's book could not have received a friendlier send-off in the media capital of the United States.

A second unexpected development was the decision of the *Reader's Digest* to condense the book for its subscribers. The *Digest* published the condensation—done by a former Marxist, Max Eastman—in its April, 1945 issue and arranged for the Book-of-the-Month Club to distribute copies of the condensed version. Eventually more than 600,000 reprints of this condensation were disseminated. Today, when the *Reader's Digest* is often associated with doctor's offices and the magazine racks of supermarkets, it is hard to remember that in 1945 it

was a cultural transmission belt of considerable importance. Every month it sold millions of copies. Moreover, its owner, DeWitt Wallace, was a conservative, and the magazine had a conservative tilt. The *Digest*'s condensation of *The Road to Serfdom* put the book into the mental universe of Middle America.

As it happened, the April 1945 issue of the Reader's *Digest* appeared just as Hayek visited the United States on a prearranged lecture tour of a few universities. Upon arriving in New York, the professor was told by his American sponsor that (thanks to the *Digest*) he had become famous and that the original plan had been called off. He was now to go on a lecture tour of the whole country.

The visiting scholar was astonished.

"I can't do that," he said, "I have never done any public lecturing."

"Well, that's all arranged, you must try and do it."

"When do we begin?"

"Oh, you are late already," It was a Saturday afternoon. "You start tomorrow morning at Town Hall in New York."

Hayek did not know what Town Hall was. He thought it must be a woman's club. The next morning on his way downtown, he asked his chairman: "Well, what sort of audience do you expect?"

"The hall holds three thousand, but there's overflow."

"My God. I have never done such a thing. What am I supposed to lecture on?"

"Oh, we have called the tune, 'Law and International Affairs.'"

"My God, I have never thought about it. I can't do this."

"Everything is announced, they are waiting for you."

“So” (Hayek later recalled), “I was ushered into this enormous hall with all kinds of apparatus which are strange to me. At that time they had dictating machines, microphones, all completely new to me. My last recollection is, I asked the chairman, ‘Three-quarters of an hour?’

‘Oh no, it must be exactly one hour, you are on the radio.’

“So I got up on a subject on which I had no idea, and I still know that I began with the sentence, ‘Ladies and gentlemen, I suppose you will all agree when I say—’ I didn’t know yet what I was going to say.”

Fortunately, Hayek—who had never before given a popular lecture—managed to entrance the crowd. The lecture—and the tour that followed—proved to be a triumph. More importantly for the long run, he established many contacts that would prove useful in the intellectual counterrevolution that he had launched with his book.

By now the Austrian-born professor was something of a celebrity in the Anglo-Saxon world. Upon his return to Great Britain in the spring of 1945, he suddenly found himself an issue in the British general election campaign. On the evening of June 4, Prime Minister Winston Churchill delivered the Conservative Party’s political broadcast on national radio. Churchill had evidently been reading *The Road to Serfdom* before his speech, which contained a fiery brew of Hayekian substance and Churchillian rhetoric:

> No Socialist Government conducting the entire life and industry of the country could afford to allow free, sharp, or violently-worded expressions of public discontent. They would have to fall back on some form of Gestapo, no doubt very humanely directed in the first instance. And this would nip opinion in the bud; it would stop criticism as it reared its head, and it would gather all the power to the supreme party and the party leaders, rising like stately pinnacles above their vast bureaucracies of Civil Servants, no longer servants and no longer civil. And where would the ordinary simple folk—the common people, as they like to call them in

> America—where would they be, once this mighty organism had got them in its grip?

Socialism, Churchill thundered, "is inseparably interwoven with Totalitarianism and the abject worship of the State."

Churchill's "Gestapo speech" (as it came to be called) was widely criticized as excessive, and it may have cost his party the election. The next evening the Labour Party leader, Clement Atlee, scorned Churchill's attack as merely a "second hand version of the academic views of an Austrian, Prof. Friedrich August von Hayek, who is very popular just now with and supplied ideas to the Conservative Party." There was perhaps a bit of innuendo here. Hayek did not use his middle name (August), but the Socialists did when they referred to him, possibly underscoring the fact that he was foreignborn. Furthermore, although Hayek was by now a naturalized British subject, Attlee called him an Austrian—an oblique reminder, perhaps, of another Austrian against whom Britain had just fought a war: Adolph Hitler.

For his part, Professor Hayek immediately informed the press that he was "a teacher of economics, not a politician," and had "no connection whatever with the Conservative Party." But the incident probably only increased his notoriety among British and American intellectuals.

But adventitious factors alone—the *New York Times* book review, the *Reader's Digest* condensation, the successful American lecture tour, and the "Gestapo speech"—cannot account for the response to *The Road to Serfdom* in the mid-1940s. After all, why would 3,000 people turn out to hear an economist at Town Hall forum in 1945? Clearly, something deeper was going on.

One such factor was identified by Hayek himself several years later. In contrast with Great Britain, he said, where the issue of freedom versus planning had become a familiar one by 1945, the United States remained at the stage of enthusiasm. For many American intellectuals

the ideal of a “new kind of rationally constructed society” still seemed novel, vibrant, and “largely unsoiled by practical experience.” To criticize such heady beliefs was to attack something nearly sacred.

Some years later William F. Buckley, Jr. made a similar point when he described *The Road to Serfdom* as “a squirt of ice water” “in an age swooning with passion for a centralized direction of social happiness and economic plenitude.”

This leads to another reason for the American Left’s reaction to Hayek’s book. It had not, after all, been such a long time since modern liberalism (statism to its detractors) had attained power in America. It had not been so terribly long—twelve years, in fact, in 1945—since professors, lawyers, and many others had turned to Washington, D.C. and to President Roosevelt for a New Deal. For many of these people, one suspects, the pleasures and gains of those days were not quite consolidated in 1945. Theirs was still an uncertain triumph, not yet ratified by time and consensus. Consequently, when a bold challenge like Hayek’s appeared, it could not be airily dismissed. It was a threat, and it had to be vigorously repulsed.

Such responses were not long in coming. In the *American Political Science Review* Professor Charles Merriam, a leading apostle of planning, who had angrily debated Hayek on the radio, denounced *The Road to Serfdom* as a “confused,” “cynical,” and “over-rated work of little permanent value” and “one of the strange survivals of obscurantism in modern times.” In a book provocatively entitled *The Road to Reaction* Herman Finer criticized Hayek so harshly and sweepingly that Hayek himself describd that book as “a specimen of abuse and invective which is probably unique in contemporary academic discussion.” In the *New Republic* Alvin H. Hansen, the leading American acolyte of Keynesian economics, published a four-page critique which concluded: “Hayek’s book will not be long lived. There is no substance in it to make it

live." He conceded only that it would "momentarily" arouse discussion and prompt some useful "self-examination." That was the most he would allow Hayek: the role of a gadfly.

Meanwhile the *New Republic*, in its editorial columns, asserted that the heavy sales of *The Road to Serfdom* were coming from orders placed by "business interests" who were using Hayek's "doctrine" to defend practices that the professor himself disapproved of. Hayek's worldly success, it sniffed, "amounts to little more than an indignity."

Yet if, at war's end, many self-designated progressives, for all their power and prominence, may still have felt insecure, the American Right did not know it. There a far different sentiment prevailed. Outnumbered and beleaguered, it could only rejoice when a compelling restatement of its case appeared. And that was precisely part of Hayek's significance: he enabled those who felt routed to draw the lines and confidently take sides once more. At last they had a champion who made the enemy squirm. It is a measure of their rout and of the paucity of libertarian thought in America in this period that they were obliged to rely on an Austrian professor for leadership.

And here we must emphasize a crucial point. In 1945 no coordinated classical liberal or conservative intellectual community existed in the United States. To be sure, there were eloquent dissenters here and there, including Hayek's mentor and fellow expatriate Ludwig von Mises, who published two trenchant books of his own in 1944. Still, in 1945 classical liberal thinking was its nadir of influence among American intellectuals. After all, had not the recent Great Depression definitively discredited capitalism and the individualist ethos which had sustained it? When Hayek and others like him came along in the mid-1940s to suggest otherwise, they gave the American Right something it desperately needed: an infusion of academic prestige.

There was another reason why *The Road to Serfdom* appealed to the American Right at this juncture. Hayek believed fervently in the power of ideas. His book was a study of the development of pernicious ideas. Implicit in his whole approach was the conviction that good ideas can defeat bad ones. For many of his readers, this was a message of hope. Institutionalized error could be rectified.

With the publication of *The Road to Serfdom* Hayek had thrown his pebble into the pond and had created a bigger splash than he had ever expected. Let us now consider some of the ripple effects.

For Hayek personally the immediate effects were bittersweet. His book had made him famous, but fame was a double-edged sword. Hayek, in fact, paid dearly for his deviation from statist orthodoxy. For the next thirty years he was marginalized in his profession, and he knew it. To most of his peers he had become that dreaded beast, an "ideologue." No longer interested in purely technical economics, he increasingly turned toward issues of political and social philosophy—and away from the mathematical modeling that intrigued so many of his younger colleagues. He had also committed, in the eyes of many of his peers, the cardinal academic sin of writing a popular book. For a time Hayek seemed to share some of these very sentiments. He wrote later on that he "long resented being more widely known by what I regarded as a pamphlet for the time than by my strictly scientific work."

But there were compensations. *The Road to Serfdom* established Hayek as the world leader of the intellectual opposition to socialism and set him on a path that took him in 1949 to the University of Chicago, where he joined the prestigious Committee on Social Thought. There, for a decade, he worked on his magnificent volume *The Constitution of Liberty* (published in 1960), a tome that he hoped would be the equivalent of *The Wealth of Nations* for the

twentieth century. While at the University of Chicago he became a founding patron of the *New Individualist Review* and lectured under the auspices of the Intercollegiate Society of Individualists, now known as the Intercollegiate Studies Institute or ISI. But even in the United States he did not find his path completely easy. It was a sign of the uncongenial intellectual climate in which he struggled that he was obliged to rely upon an American foundation to pay his salary at the University of Chicago.

Another ripple effect of *The Road to Serfdom* became discernible in 1947 when Hayek founded the Mont Pelerin Society, an international network of classical liberal or free-market thinkers that still exists today. Building on the contacts he had made while publicizing *The Road to Serfdom*, Hayek brought together nearly forty prominent scholars—seventeen of them from the United States—for the founding meeting near Mont Pelerin in Switzerland. The personal impact was powerful, as one of its participants, Milton Friedman, recognized. "The importance of that meeting," he said, "was that it showed us that we were not alone." The Mont Pelerin Soceity soon became a kind of international "who's who" of classical liberal scholars—a network for exchanging ideas and (as we might say) for networking. Slowly a *community* was being created: a community of intellectuals dedicated, in Hayek's words, to "the rehabilitation of the idea of personal freedom especially in the economic realm."

The expanding influence of *The Road to Serfdom* can be measured in other ways, in the individuals whose minds and lives it changed. In Britain an avid early reader was a university student named Margaret Roberts, whom we know today as Margaret Thatcher. Another British subject who discovered the book was a man named Antony Fisher, who became so enthralled by it that he contacted Hayek and asked him what he (Fisher) might do to reverse the socialistic tide. Hayek advised him to establish a research organization that could reach the intellectuals and

disseminate classical liberal ideas. In 1957 Fisher did precisely that. The Institude of Economic Affairs (or IEA), based in London, became a clearinghouse for Hayekian thought and the intellectual backbone of Thatcherite conservatism. The indefatigable Fisher went on to organize free-market think tanks in Canada and the United States, including the Manhattan Institute in New York. In 1981 he founded the Atlas Economic Research Foundation, a facilitator of free market think tanks all over the world. Think of it: for Fisher this all started with his reading the *Reader's Digest* version of *The Road to Serfdom.*

In the United Sates one can find similar instances of lives redirected and transformed by this book. Frank Meyer, a Communist apparatchik in the late 1930s and early 1940s, later wrote that at a "crucial moment" in his life Hayek's book "played a decisive part" in liberating him from Marxism. Meyer went on to become the book review editor of *National Review* and one of the outstanding conservative intellectual figures of the 1950s and 1960s. Another reader of Hayek, it appears, was Ronald Reagan. A decade ago some would have scoffed at this suggestion. But we now know that Reagan was a closet intellectual, and the skeptics scoff no more. We must also not overlook the effective role of intellectual conveyor belts like the Intercollegiate Studies Institute, which distributed copies of *The Road to Serfdom* (and many other books) to students like yourselves after ISI's founding half a century ago.

By the early 1950s the free market revival which Hayek launched had come a long way from the storm cellar days of the decade before. The march of "hot socialism" had been checked. In 1954 Professor H. Stuart Hughes of Harvard put it this way:

> The publication ten years ago of F.A. Hayek's *The Road to Serfdom* was a major event in the intellectual history of the United States. . . . [I]t marked the beginning of that slow reorientation of sentiment—both in academic circles and among the general public—toward a more positive evaluation of the capitalist system which has marked the past decade.

"That slow reorientation of sentiment." Libertarianism and capitalism had become intellectually defensible again.

At this point an important contextual observation is in order. The conservative movement in America after World War II was a confluence of many intellectual currents, of which Hayekian liberalism was but one. In addition to the classical liberals, there were religious and cultural traditionalists, ex-Communist Cold Warriors, and, more recently, the Religious Right and the neoconservatives. Hayek, although of course an anticommunist, was identified with only one branch of this emerging coalition.

Moreover, Hayek did not want to surrender the word liberal as the best description of his viewpoint. In a striking passage in the 1956 paperback edition of *The Road to Serfdom* he argued that "true liberalism" was not identical with conservatism and that it was dangerous to confuse them. A few years later he published an essay bluntly entitled "Why I am Not a Conservative," an essay apparently aimed at the revival of conservative thought associated with Russell Kirk's book *The Conservative Mind.*

Although Hayek in that essay seemed to have classical European conservatism in mind, his critique contributed to his problematic standing on the American Right. To some traditionalist conservatives he was a secular rationalist with a utopian streak and an overly sanguine view of unguided human nature. To Russell Kirk, for instance, an economic order cannot "long endure apart from a moral order," a truth that he felt Hayek had insufficiently learned. For Kirk the world "never is governed by little tracts and pamphlets." He may have put *The Road to Serfdom* in that category.

Fundamentally Hayek wanted human societies to develop spontaneously in freedom—the best way to cope with the unknown. For theistic conservatives, however, man's root problem is not ignorance (a failing of the mind) but sin (a failing of the heart).

For his part, Hayek styled himself an "Old Whig." An agnostic, he called the philosophical skeptic David Hume his "great idol." Yet he also, in an interview in the 1980s, identified himself as a "Burkean Whig." He was a classical liberal, it seems, with conservative inclinations.

For most Americans who took the label "conservative," this was enough for them to include him in their pantheon.

It is probable that *The Road to Serfdom* and its author would have receded eventually into obscurity had not the unexpected occurred: in 1974, to his astonishment, Hayek received the Nobel Prize in Economics. The award conferred prestige that the academy had long denied him. It gave the elderly professor a new lease on life, it gave American conservatives a sense of buoyancy and of having "arrived," and it renewed public interest in the little book that had made him famous. Hayek lived until 1992, long enough to see the Thatcherite revolution in Britain, the Reagan Revolution in America, and the collapse of the Soviet Union and its evil empire. By the time of his death approximately 250,000 copies of *The Road to Serfdom* had been sold. I do not know how many copies have been distributed since his death, but today a veritable Hayek "industry" has sprung up, as his works are collected, biographies are written, and scholarship about him flourishes. *The Road to Serfdom*, I suspect, has a long shelf life ahead.

More than forty years ago, at an ISI gathering like this, Richard Weaver—another of modern conservatism's founding fathers—ruminated aloud about the most important thing that conservative intellectuals could do. His answer? They could write what he called "unshakable

books." My lecture today has focused on one such endeavor. Many of you in this audience are contemplating academic careers. As you do so, I offer you this final thought. I ask you to reflect upon the extraordinary history of *The Road to Serfdom*. Very few of us will ever achieve the stature of its author. But those of us who choose the academic life can strive, as Hayek did, to write unshakable books. This, perhaps, is the final lesson of *The Road to Serfdom* for American conservatives: Be like Hayek. Aim high. Persevere. You just might change the course of history.