

The Road to Serfdom

Summary

Back in 1848, Karl Marx & Friedrich Engels proclaimed in their renowned Communist Manifesto: "A spectre is haunting Europe — the spectre of communism". And today, more than 160 years later, we may confidently repeat the same words, just adding to that old birthplace of the Western civilization all the other continents: Asia, Africa, North and South America, Australia, with scientists still arguing whether Antarctica should be included. Surely, the "communist ghost" had matured and greatly succeeded to visit, even if not always to decisively win over, about all the populated areas on the face of the planet. Now, the appropriate questions to ask are (a) why and how the "Socialismus" managed to accomplish its victorious march, and (b) whether it is good or bad for humanity? Since these are important questions loaded with immense practical consequences for the mankind, there is an obvious need to answer them.

Not that this is easy to do, nor for that matter there was a lack of attempts to do it. Unfortunately, due to the gargantuan extent, complexity, and if you will, even sensitivity of the subject, the answers obtained to date were not as definitive as to provide a practical rationale for understanding and acting upon the related issues. Neither is such a gigantic task the purpose of this essay. Rather this work should be looked upon as an application of the author's personal experiences with the "delights" of socialism to the social and political effects of this doctrine on the "free world" survival.

The point is that in the XX century, the "socialist ghost" had materialized into a monstrous slave labor concentration camp in the Soviet Union and the so-called Socialist States' Commonwealth. The authors of this essay learned the nature of the Soviet Socialism first hand, "on their own skins" – as they would say in Mother Russia. As we know now, the Soviet socialism collapsed under the weight of the insoluble economical and social problems, but the Western Europe which disowned the Soviet experience at first, had followed the path of building its own European brand of socialism, euphemistically called the "welfare state". And even the United States – this citadel of successful modern capitalism – didn't avoid the malaise and is approaching this socially critical zone precariously close.

But this is a perilous zone! In our opinion, it is not the question of whether, but when the welfare states will collapse, if their present policies are to continue. While the sociologists ask when will the "point of no return" ensue, the answer lies with economists: when the state will decide to execute the schizophrenic tenet of socialist morality – "Welfare for everyone from cradle to grave!" Today, the Western civilization is in danger! The industrial countries are being transformed from the societies of risk taking creators-individualists into a haven of stingy extortionists. Even in America, the shrouded by legends American dream is replaced by wimpy chicanery and sluggish stagnation under the wing of trade unions and the social security establishment.

"Socialism – is the road to serfdom... Following the socialist morality would have led to the obliteration of the greater part of modern human population and to the impoverishment of the majority of the survivors" – this is the conclusion from one of the most authoritative theorists of classical liberalism, Nobel laureate Friedrich August von Hayek. Those who sincerely believe in socialism, as well as those who follow this road into slavery unconsciously, would be wise to listen to this thought of an outstanding scientist.

Freedom or slavery? – Not a Trivial Choice

Freedom aspiration – as opposed to oppression, dependency, and slavery – is proclaimed as a fundamental property of human spirit, initially ordained by Providence and set forth in the laws, constitutions, and declarations of all kind. Such desire has become the core plot of world literature and arts. Even ferocious tyrants never denied themselves the pleasure to pronounce those at their feet as the most free subjects in the world, e.g., during the Great Terror in the Soviet Union the people were enjoined to sing with enthusiasm: "I don't know any other country where a person can breathe so much free" – all the while remaining behind a giant concentration camp wall. Yes, as they say, 'the paper will endure everything', including replicating human freedom, – but how do the freedom issues stand in fact, in real life...

Does MAN indeed strive to be free? Do people *en masse* put the freedom at a high enough pedestal within their value system? Alas, it seems impossible to respond positively to these questions.

Continuously observing the dynamics of social movements, we witness with surprise and frankly to our chagrin how in different parts of the world large masses of people voluntarily choose the way of slavery for themselves and their children over the choices leading to freedom. They prefer the state patronage over the freedom of choice and independence; the government decisions – over personal responsibility for their own fate and well-being of their loved ones; the collective dependency upon public and state funds – over the intense productive labor of a free individual; a dreary but relatively well-fed vegetating under a trade union roof – over the American dream; a life at the expense of state subsidies and grants from cradle to grave – over the creative imagination and entrepreneurial risk...

Yet social analysis indicates that this set of the planet's present-day population preferences falls under one common defining and unifying name – socialism.

One of the theorists of classical liberalism, a prominent XX century economist and sociologist Nobel laureate Friedrich August von Hayek, had clearly and directly defined socialism in plain language: as a way to serfdom. The title of his book devoted to socialism is just that, "*The Road to Serfdom*". Von Hayek, as well as other XX century major theorists of classical liberalism including such titans like Ludwig von Mises and Karl Popper, argued that the nationalization of the population's social life, collectivism, and socialization of economics – all underlying the socialist doctrine – will inevitably lead to totalitarianism in the political structure of society.

OK, one may say, people always strived to improve their lives, and who is to say which way to achieve that shining goal is the best? May be, socialism *IS* the tool of choice? While such logic might arguably have been legitimate in the times of Marx and Engels, the subsequent generations did have definitive answers to that dilemma – those from History. And it was up to these generations to listen to and act upon those answers.

History lessons from the XX century socialism

History gave people a unique opportunity to test in practice how true the theorists' conclusions were. In the Soviet Union, they built a rigorous, refined socialist system without any reservations and impurities, with 100% public ownership of the production means and 100% control of the state over the population's social life. This grand socialist experiment, lasting for the most part of the XX century, brought one of the largest and richest countries in the world to the economic and moral collapse. Socialism cost the peoples of the USSR tens of millions of lost

lives – just this one horrible fact calls for an extremely close attention to the results of the Soviet socialist experiment.

The first generation of Soviet people in the 20s of the last century was learning literacy through verbal letter palindrome: "We are not slaves — slaves are not us...». Having learned to read and write those wonderful words, the neophytes of the socialist doctrine had – and pay attention here, for the most part quite consciously and voluntarily and with great enthusiasm – built in Soviet Russia a feudal slave system in comparison with which the horrors of the old-fashioned Czarist Russia's serfdom seemed like grandma's kind fairy tales. Having been built according to a rigid Marxist-Leninist-Stalinist scheme, the Soviet Union's socialism very soon morphed into the total slavery. There is no need to repeat here how in the course of few years in the late 20s and early 30s Russian peasants were turned into powerless serfs. The numerous literature and documented sources spell out all the stages of this short barbaric process in details: the impounding of grain and livestock, the famine, the exile to frozen Siberia and barren and swampy Northern territories, the family separations, repressions, executions, elimination of the able-bodied peasantry, the deprivation of the internal passports (another total policing measure of the Soviet state) and the right to travel and or live in the locale of choice... The authors of this article had the opportunity to meet in person some of those persecuted and prosecuted people in the places of their exile and witness the deprivations inflicted on them by the Soviet authorities. Less known in the West are similar processes of the socialism-to-slavery transformations with regard to the Soviet workers and employees. Let's quote here an excerpt from the Decree of the Presidium of the Supreme Soviet from 26 June, 1940, about the prohibition of workers moves from one place of work to another:

"To prohibit the unauthorized (underline ours - Y.O. & A.T.) leave of employment by workers and employees of the state, cooperative and public enterprises and institutions, as well as the unauthorized transition from one enterprise to another. Only the enterprise director or the institution head can permit the leave of employment at an enterprise or institution, or transition from one institution to another."

The Soviet workers and employees were in fact turned into state serfs, and the directors of factories and heads of institutions – into feudal lords, themselves vassals of the bureaucrats sitting higher in the Communist Party hierarchy. Considering that by that time the peasants had already been laboring for ten years on the collective farm corvee, this decree legally established the state serfdom in the country for good and all. It won't hurt to remind this to the modern fans of Stalinism experiencing bouts of nostalgia after Stalin's socialism. It should also be reminded that the "advanced" socialism inoculated generations of Soviet people with disdain to freedom, democracy, religious tolerance, mercy, and many other qualities of a free man, the qualities always included in the ethical civilization cart. The Soviet socialism eluted from the national character the sense of gratitude for the assistance, compassion to the misery of others, and even elementary manifestations of kindness if not inspired by authorities. That's what stood behind the popular Soviet slogan about creating the new Soviet Human being!

In parallel, even if in opposition with the Soviet Union, socialism with a racist flavor was being built in Germany and Italy. Back in the 40s, Friedrich Hayek showed that Nazism in Germany and Fascism in Italy were not some reactionary forms of capitalism, as claimed by the Soviet ideologues, but a strain of developed socialism. Even a similar to the Soviets super race development notion, but in this case totally permeated with malignant chauvinistic overtones, was playing out in the Nazi Germany. Some might even generalize that this socialist superman development idea looks like an integral part, a staple of building a "fairy tale" socialist society!

The causes of barbarism and violence of the totalitarian regimes of the time in Germany, Italy, and the Soviet Union, were in Hayek's view rooted in the realization of the socialist planned economy, which inevitably leads to oppression and slavery of the population, even if it was not the original purpose of the adherents of socialism. All kinds of socialism, collectivism, and planned economy contradict the principles of lawful state and individual rights.

History has taught nothing anyone – why and how?

Sounds clear, isn't it? It seemed that the Soviet and Nazi socialist experiments would entirely turn the mankind away from the idea of socialism. Yet alas – this idea is seemingly immortal, for it was just it and not some fabulously beautiful and supposedly inescapable freedom commitment of the human race that best corresponded to the spiritual and worldly aspirations of the majority of the planet's population. Ahead of everybody else, these aspirations were well-appreciated and skillfully used by power-hungry politicians – those clearly understood that socialism would open the shortest way to perpetuate their power and, ultimately, to deliver to them unlimited dictatorship.

But why would people throughout the world so adamantly support the socialist ideas in evidence of their dire consequences? Why wouldn't they learn from their own tragic experience, embrace their own enslavement instead of fighting it?

Here is how we see it.

By and large, socialism seems attractive both to the lower classes and to the top elites. To the first it promises a ghostly road to the comfortably parasitic, albeit bleak, way of life at the expense of the state, and to the latter – it secures the unlimited power in this state. Here we have a very rare case when the lower classes want exactly what the top elites are willing to give them. In fact, it is incredibly hard to resist this mutual attraction to socialism of two opposing forces in the public spectrum... Therefore, while the misery, terror, and subsequent downfall of the Soviet Union and Eastern European dictatorships might have proved all that was wrong with socialism, those lessons did not teach anybody anything. As a result, along with the Soviet Union and its satellites in the Eastern Europe, multiple "local brands" of socialism were established in China, Cuba, Korea, Vietnam, Yugoslavia, with many of the so-called Third World countries also heavily leaning in this direction.

As Friedrich Hayek would say: *"We shall not grow wiser before we learn that much that we have done was very foolish."* Not that the history lessons were completely ignored. But those lessons were noted and acted upon not so much by the affected population, as by the socialism doctrine itself!

The vehicle that propelled the socialist ideas to the new heights in our times was *neo-liberalism*. While this new philosophy had its roots in the classical Western liberalism, these two differed in very substantial ways. The original classical liberalism was born in its own due time among the European intellectuals and had provided a persuasive rationale for the benefits of free markets and free trade without any government intervention. It had consistently supported individualism, fruitful competition, and entrepreneurial risk of capitalism. Unfortunately, in the second half of the XX century this noble theory caught up the "leftist virus" and got sick with an incurable leftist decease. As a result, the classical liberalism had degenerated to the leftist extremes and morphed into the *neo-liberalism* that began unfolding 180 degrees backwards: towards collectivism and socialization, towards the enhancement of the state's role in the

economics, social and personal life of the population – in short, in the direction of all too familiar socialism.

And so, contrary to all the gruesome lessons of the socialism in the first half of the XX century, a new "socialist ghost" was born. This new ghost reincarnation had as its youthful father the left-leaning strain of neo-liberalism, and as its elderly mother – the immortal obsessive idea of dependency at the expense of the state. Thus had commenced the victory march of the modern world socialism. So strong was the appeal of this new socialist ghost, that it was able to gain decisive footholds in the popular ideology in those two bastions of the "free world" – Western Europe and the USA. And its victorious march continues to these days, even after the collapse of the Soviet Empire!

It is a sad commentary to the human intellect and freedom inspirations that our essay had to have the same title as the original Hayek's work written more than 50 years ago!

European socialism – how soon will the tipping point come?

With regard to socialism, Western Europe was not a "novice": after all, it was the birthplace of Marxism, the Comintern, the Hitler's National Socialism, as well as the strong roll up of the national communist and socialist parties in the pre- and post-WWII period. But after the scourge of Hitlerism and existential threats of Stalinism, for some time in the post-WWII period one could expect the Western Europe to become more or less immune to the siren call of socialism. Yet such hope was short lived. Soon, in the second half of the twentieth century, the socialist fermentation process in the Western Europe initiated new powerful sprouts that had been spreading since in leaps and bounds.

Thus, a modernized socialist ghost had materialized and began haunting Europe, disowning on the move the old-fashioned ghost, the one that Karl Marx and Friedrich Engels were raving about. Yet, unlike its predecessor which relied mainly on the revolutionary proletarian masses and proclaimed the class war against the upper classes and capitalism at large, this modern ghost was encompassing both the lower and upper groups of population, the trade unions and labor parties, as well as many a neophyte from the middle classes and political establishment. What more proof should be called for that the collapse of socialism in the Soviet Union and Eastern European countries did not teach anybody anything? But of course, this new ghost shamefacedly avoided the use of the term "the socialist state". Its supporters introduced into practice the «welfare state» euphemism. In our time, this new ghost took quite a realistic shape and got the official name in scientific literature – the European socialism.

In today's Europe, an active process is being carried on of forming the "welfare-like" states. It is not the purpose of this brief essay to analyze the viability of this process. Thus we will refer just to the opinion of the famous Swedish scientist Nils Karlson – the Director General of the Research Centre for Modern Politics and Economics in Stockholm (The Ratio Institute), Professor of Political Economy in the University of Uppsala. He gives a negative assessment to the socialist experiment in Sweden and points to the clear signs of stagnation in the welfare economy. According to the Swedish professor's data, more than 20% of the labor-able population are not doing work and are living off various social welfare programs: poverty relief, pre-retirement benefits, unemployment benefits, sickness and after illness benefits, you name it. Herewith, the majority of employable people either works in state organizations, or is state-dependent in a sense that the most part of their revenue comes from the public funds. Professor Carlson further notes

that the existence of the welfare state is accompanied by the imminent and permanent increase of taxes. The tax raise leads to the increase of the cost of goods and services, to the reduction in investments and production, to fewer jobs and to the emergence of a new category of unprovided-for citizens, forcing the government to introduce additional aid benefits... and do another round of tax increases. The vicious circle of "raising taxes – reducing economic efficiency – raising taxes" has not yet been broken.

Studying the Swedish experience, Nils Carlson came to the conclusion that the negative effects of socialization are not limited to just economic indicators – the welfare state inevitably distorts the person's character and morals. For those who had lived in the USSR, this conclusion is neither new nor surprising – the main consequence of Soviet socialism was not only the catastrophic loss of efficiency of the economy, but a monstrous drop in the population's moral standards. One of the ideologists of Gorbachev's perestroika, Alexander Yakovlev, pointed out in his book "Twilight" that the developed over decades of socialism traits – dependency, irresponsibility, carelessness, lying, stealing, laziness – keep up to now impacting the post-Soviet space. Professor Carlson considers in detail the impact of the welfare state on human dignity, which he defines as the "measure of active responsibility of the individual for his own fate and that of the people close to him." A healthy, youngish yet, able-bodied person living on social benefits from public funds cannot maintain the level of dignity of the free man – such is the scientist's conclusion. "The majority of Swedes – he writes – so much depend on the state that they have neither the means nor the ability to take responsibility for their own destinies." Summing up his study of the Swedish welfare state model, professor writes:

"The general conclusion is that the burden of the welfare state suppresses both the economy as well as human dignity. And if we want to increase the economics efficiency and raise the level of human dignity, we need to... significantly reduce the state intervention in the economy and in private life."

The Swedish scientist further warns: *"Other countries seeking to emulate the Swedish model have to be very careful – nobody knows when the point of no return may come."*

The authors of this essay think that the point of no return will come when the transformed into the chronic stage dependency disease will abut upon the folk dream slogan: welfare for everyone from cradle to grave! Schizophrenic semblance of this slogan should not lull the vigilance of reasonable people – not only Sweden, but many other countries in Europe are definitely moving toward its realization. Declaring in words their commitment to freedom, multi-million masses prefer in reality the irresponsible life of slaves under the patronage of the socialist state giving away benefits!

The socialist ghost is haunting America

In the U.S., the obsessive ideas of social dependency were always less pronounced than in Europe: there used to be an almost sacred attitude toward capitalism and the rating of the private entrepreneurship uncontrolled by the state was traditionally high – this was considered to be the attribute of the "American exceptionalism". Nevertheless, here one also cannot but notice the sprouts of the welfare state. Summing up his experience in the Soviet Union and the United States, Professor Mark Salzberg concluded as follows:

"Having lived 23 years in the U.S. and 45 previous years in the Soviet Union, I began noticing, to my horror, a striking similarity of many social and political phenomena in these two countries... In recent years, it became clear that America is building her own communism, while

not yet realizing it... In America, there is slowly happening the same <situation> that occurred all at once in Russia in 1917... As a result, in both Houses of Congress, in the State legislature and in other political and governmental bodies there appeared people whose sole mantra is the so familiar to us "spread the wealth".

The desire for socialism of a considerable and increasing proportion of Americans, sometimes an unconscious one but used by political opportunists, is becoming increasingly evident from election to election. It is exacerbated by certain uncontrolled immigration trends. Many politicians, even of conservative mindset, do not dare to openly defend American capitalism: this has become unfashionable and unprofitable in any election campaign. To tell the truth – that the majority of our achievements both in material and spiritual spheres are due to capitalism – is now *politically incorrect*.

The role of modern trade unions is frequently scary: once used to protect the rights of the hard working people, today they extort privileges, often exorbitant, for the less willing to work. There was a popular Leninist slogan in the USSR: "Trade Unions – are the school of communism." Back in the Soviet Union, we remember not to be able to understand how the slavish Soviet trade unions – engaged mainly in the distribution of vacation vouchers into miserable "holiday homes" – could be the "school of communism – the bright future of mankind." The meaning of this slogan cleared for us only here, in America. The unions transform the persistent, assiduous individualists, hard working to realize their American dream, into the collective dependents-beggars, extorting from the government and private employers new concessions to no end, governed by the principle: "to work less – to earn more". The result is a loss of productivity and the increased cost of goods and services, which in turn leads the U.S. economy to become non-competitive compared to, say, Asian competitors. No need to state that in the long run such strategy leads to the elimination of entire industrial branches, either transferred overseas or just closing the doors: in both cases million of jobs are lost! In this sense, trade unions are definitely the school of communism, with all the appropriate consequences.

May be not everything is lost, at least as of yet: economical, social, and political freedom still occupies a high enough place in the system of American values. But one cannot but notice how those values are being washed out by waves of political opportunism, by immigration focused on the social security, as well as how it is blown out by socialist winds from the opposite shores of the Atlantic, deformed beyond recognition by the disease of leftism in liberalism. For example, previously the majority of immigrants to America made their way for the sake of economical and/or political freedom, but now, figuratively speaking, – for the sake of food stamps. The number of able-bodied people who prefer to "sit on welfare" is growing – this, mind you, in the country created by the generations of motivated and ambitious individualists who worked themselves to sweat for the sake of a decent life, for the sake of independence and freedom. From the country of risk-taking creators-individualists America is being transformed into a haven for stingy extortionists. The legendary American dream – to start from scratch and achieve everything, to take risks and to throw all the strengths and abilities on the scales of fate, to walk the road to independence and wealth and make it – this dream is replaced by a quiet chicanery or boring vegetating under the wing of the trade union and welfare security.

This US transformation along the lines of detrimental socialist philosophy doesn't pass unnoticed by some Western European observers who themselves learned from own bitter experience. 'Don't copy Europe', – warns a member of European Parliament Daniel Hannan in his book *The New Road to Serfdom: A Letter of Warning to America* (Harper Collins, 2010). The

very much qualified author explains all the good reasons for not following the bad road. And we'd better heed his advice, or else

Many Americans supporting the socialist transformations do not even suspect that they are moving along the road to serfdom. Modern socialism has many faces and is inclined to dress up in attractive humanitarian mantles; it takes over slowly, imperceptibly, on the sly, under the guise of the patron saint of the poor withdrawing the rights of free men... As a result, many feel that it is possible to knock out all the new benefits and social assistance from the state, while remaining independent from the government – they believe it is possible to combine the socialist morality with the capitalist freedom, the socialist dependency with the capitalist level of the economy. Sorry, this combination doesn't work. Back in the mid-twentieth century, in the so-called socialist camp there were attempts to build "socialism with a human face" – alas, it turned out everything else but the human face. At the same time, academician Andrei Sakharov had developed the theory of convergence, trying to reconcile socialism with capitalism and create some symbiosis of the best qualities of both – this project had also turned out a utopia. It became clear that even the "socialism with a human face", while formally recognizing the market economy, in the long run leads to the elimination of freedom. According to serious social scientists and economists, socialism is in principle incompatible with the capitalist market economy, and its development inevitably leads to two consequences: the destitute average standard of living and the loss of dignity, freedom, and citizens' rights. Analyzing the historical dispute between the capitalism and socialism, Friedrich Hayek formulates this relationship even more clearly and hard:

"The argument about the market order and socialism is a dispute about survival – nothing more, nothing less. Following the socialist morality would have led to the destruction of much of the modern humanity and to the impoverishment of the majority of the remainder. "

Those who sincerely believe in socialism, as well as those who follow this road into slavery unconsciously, would need to listen to the above conclusion of the outstanding scientist...

Don't hinder the capitalist Atlas from holding the sky up

The Biblical story of the first man tells how "Lord exiled him from the Garden of Eden..." where it was possible not to work while being supported by Creator. And the Lord said such a parting word: "By the sweat of thy face thou shalt eat bread...». Translated from the high-biblical style to the ordinary everyday language, this is to be understood as follows: "You're not at welfare, gentlemen! On the face of this beautiful planet you must work hard if you want to be free men." Nevertheless, the number of people who relentlessly try to avoid this duty at the expense of others becomes frighteningly huge. The socialist morality helps these people to comfortably survive the dependency, because the left-liberal ideologues explain that someone had disadvantaged them and that the rich are obliged to maintain them, that they carry no personal responsibility for their destiny, and that to strain at work is bad for health...

But no one knows when the point of no return will arrive, the point at which the knees of the capitalist Atlas will falter. And then the human civilization will collapse under the unsustainable socialist burden, because too few creative and just simply industrious individuals will be left in it that would be able and willing to toil for the sake of freedom.

People, please be vigilant!