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The road to serfdom has changed direction to the road to freedom. The combination of high technology and the failure of socialism has given traditional liberalism a new lease on life.

Industrialization was once seen by many observers as the enemy of the individual. Mass production meant monotonous assembly lines. Factories meant uprooting people from traditional rural societies to rootless, impersonal urban environments. An industrial economy meant more complex, more remote hierarchies. On the land, the peasant or the small farmer personally knew, or at least was familiar with, the landlord and members of the gentry. An auto worker, by contrast, rarely, if ever, saw the chairman of General Motors.

Non-Marxist intellectuals viewed industrialization as a Faustian bargain where people sacrificed their humanity to enjoy a better material life. Marxists saw workers being impoverished as well as dehumanized.

Thus socialism was seen by many supposedly thoughtful people as a means of bringing fellowship and unselfish, uncoerced cooperation among workers in the workplace as well as enriching their standard of living.

Three catastrophes—the two world wars and the Great Depression—made some sort of collectivism seem the wave of the future.

World War I, with its totally unexpected, seemingly pointless battlefield slaughter of an unimagined, horrific scale shattered the faith of many in the beliefs and institutions of Western civilization. The individualism glorified in the 19th century seemed hopelessly quaint after the First World War. The war was a catalyst for massive government penetration into and domination of society on a scale utterly inconceivable before the conflict.

The Great Depression discredited American-style *laissez-faire* economics. Given this catastrophic contraction, economists concluded, free markets could not be left to themselves. The notion of a mixed, peacetime economy was born. Politically, the Depression discredited Parliamentary democracy. After World War I most European countries either had or established democratic governments. By the mid-1930s, all but a handful had collapsed. Parliamentary democracy was seen as weak, corrupt, incompetent. By contrast, fascism and Nazism seemed more modern, brisk, efficient.

It took a world war to defeat Nazi-style totalitarianism. But this war also gave—for a while anyway—enormous prestige to the totalitarian Soviet Union. After the experiences of the inter-war years, even Western Europe saw some measure of socialism, or “social democracy,” as an antidote to unemployment and as an agent for a humane society.

This was the environment in which Hayek wrote his book. Most politicians, writers, academics and “generally informed” people believed in some variation of what came to be called the welfare state.

How different the environment is today. Even socialists

have to disguise their agendas with free market rhetoric à la Bill Clinton, or in the garb of Al Gore’s apocalyptic environmentalism, or with European-style protectionism. The administration’s attempt to *de facto* nationalize health care is the last great offensive of the collectivists.

Technology is now an agent of individualism. The microchip, which is expanding the reach of the human brain the way machines expanded the reach of the human muscle in the last century, is flattening hierarchies the way electricity physically flattened factories when it replaced steam power in the early part of this century. We simply don’t need as many layers of management to process information as we did before. The corporate sector has been undergoing this process for years; the public sector will soon be hit with it, too.

The microchip is the enemy of the tyrant. Not so long ago, money had to be transported physically by, say, putting bars of gold in ship bottoms or in wagons. Governments could literally prohibit their citizens from moving their wealth outside of their jurisdictions. Today the blip of a computer can transport hundreds of billions of dollars in less than a second.

Dictators can enslave the body, but they can no longer capture the true source of wealth, the human mind.

Wealth is less and less being measured by material resources. Resource-rich Brazil remains mired in an economic morass. Resourceless Hong Kong, which has to import its drinking water, is one of the richest and most densely populated specks of real estate on the earth today.

Now that the Cold War is over, the United States is paying serious attention to its extraordinary surge of violent crime and to soaring rates of illegitimacy. What was somewhat tolerated when we faced an external threat, has become intolerable now that the threat has been



Friedrich Hayek



UPI/Bettmann

“Capitalism will lose its century-old connotation of materialism and greed, and will at last be recognized as an unambiguous good, the only system compatible with our creative human natures.” —Dick Arney

removed. We are seeing the stirrings of a number of reform movements, especially spiritual ones. A harbinger: Bill Bennett’s best-selling, *The Book of Virtues*.

People today want to improve their lives, not only materially, but in quality as well. We may soon be experiencing a modern version of the Great Awakening that so profoundly influenced pre-Revolutionary America in the mid-18th century.

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MILTON FRIEDMAN

The fall of the Berlin Wall, the collapse of communism behind the Iron Curtain, and the changing character of China have reduced the defenders of a Marxian-type collectivism to a small hardy band concentrated in Western universities. Today there is wide agreement that socialism is a failure, and capitalism a success. Yet this apparent conversion of the intellectual community to what might be called a Hayekian view is deceptive.

While the talk is about free markets and private property, and it is more respectable than it was a few decades ago to defend near-complete laissez-faire, the bulk of the intellectual community almost automatically favors any expansion of government power so long as it is advertised as a way to protect individuals from big, bad corporations, relieve poverty, protect the environment, or promote “equality.”

The present discussion of a national program of health care provides a striking example. The intellectuals may

have learned the words but they do not yet have the tune.

The message of *The Road to Serfdom* is even more relevant to the United States today than half a century ago. Intellectual opinion then was far more hostile to the book’s theme than it appears to be now, but practice conformed to it far more than today. Post-World War II government was smaller and less intrusive than it is today. Lyndon Johnson’s Great Society programs, including Medicare and Medicaid, and George Bush’s Clean Air and Americans with Disability acts were all still ahead, let alone the numerous other extensions of government that Ronald Reagan was only able to slow down, not reverse in his eight years in office. Total government spending—federal, state, and local—in the United States has gone from 26 percent of national income in 1950 to nearly 45 percent in 1993.

Much the same has been true in Britain, in one sense more dramatically. The Labour Party, formerly openly socialist, now defends free private markets; and the Conservative Party, once content to administer Labour’s socialist policies, has tried to reverse—and to some extent under Margaret Thatcher succeeded in reversing—the extent of government ownership and operation. But Margaret Thatcher was unable to call on anything like the reservoir of popular support for liberal values that led to the withdrawal of the “control of engagements” order shortly after World War II. And while there has been a considerable amount of “privatization” there as here, government today spends a larger fraction of the national income and is more intrusive than it was in 1950.